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FINANCIAL TIMES

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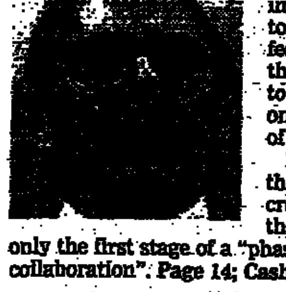
Russian reforms win World Bank and IMF support

The International Monetary Fund and World Bank yesterday threw their weight behind the economic reform efforts of Russian president Boris Yeltsin. Michel Camdessus, IMF managing director (left), sought to allay mounting fears that Russia and the IMF would be unable to reach agreement on a full programme of economic reforms.



He indicated that the $1bn "first tranche" credit approved by the IMF's board was only the first stage of a "phased programme of collaboration". Page 14; Cash boost, Page 2

Philips, Dutch electronics group, suffered a sharp drop in profits in the second quarter, as fierce competition in the key consumer electronics sector forced the company to reduce prices on compact disc players, televisions and video-cassette recorders to maintain market share. Page 15

Veba, one of Germany's largest industrial companies, reported pre-tax profits down 13.9 per cent in the first six months of the year, although turnover rose by 12.4 per cent, mainly as the result of acquisitions. Page 16

Boeing won a $1.2bn order for 34 twin-engine 737-300 airliners from Southwest Airlines, Dallas-based carrier. Boeing is also understood to have taken the edge over the European Airbus consortium in competition to sell widebody jets to China Southern Airlines. Page 4

Sell-off move: The Italian government's privatisation plans will overcome a big hurdle today when shareholders of the four biggest public-sector groups approve their transformation into joint stock companies – a crucial step towards flotation. Page 14

Aid mission: A United Nations assessment mission flew into war-shattered Mogadishu to consider means of improving security to distribute food to starving Somalis. Page 3

General Motors, US automobile group in the throes of a radical restructuring, reported its best quarterly operating performance in two years but its shares fell as it warned that the second half of the year looked tough. Page 15

Rates rise: Finland moved to stop a sudden outflow of capital from the country by raising interest rates on commercial bank lending from 14.60 per cent to 16 per cent. Page 2

Tough talking: Douglas Hurd, the UK foreign secretary, delivered an uncharacteristically robust attack on Britain's so-called Euro-sceptics. Page 6; Support for Maastricht melts away in French sun, Page 2

US hurdler breaks world record

The first world record of the Olympic games went to Kevin Young of the US, who won the 400 metres hurdles in 46.78 seconds. The previous best of 47.02 had been set by fellow countryman Edwin Moses in 1983. It was a good day for the US team, with Gwen Torrence taking the gold medal in the women's 200 metres, Michael Marsh winning the men's event and Carl Lewis triumphant in the long jump. In basketball Croatia beat the CIS to reach the final, where they will play the US or Lithuania. Reports, Page 7

Barclays, UK bank, made an after-tax loss of £30m ($57.3m) in the first six months of the year. It is only the second time in the bank's 300-year history it has disclosed a loss and it is also the first time that Britain's biggest bank has made a loss due to problems in its core UK operations. Page 15

GEC-Alsthom, the Anglo-French power company, which has emerged as an aggressive player in the European power generating equipment market, saw net profits increase by 14 per cent from FFr1.71bn ($340m) to FFr1.95bn for the year ended March 31. Page 16

Accor, French hotels group which controls Wagons-Lits, must pay minority shareholders in the Franco-Belgian travel company at least FFr950m on top of the FFr2.2bn ($440m) it has bid for the group, following a Brussels court ruling, against which it is to appeal. Page 15

■ STOCK MARKET INDICES

FT-SE 100:	2,377.6	(-15.2)
Yield	5.15	
FT-SE Eurotrack 100	1,078.71	(-2.5)
FT-A All-Share	1,131.71	(-0.6%)
Nikkei	15,926.44	(-57.2)
New York lunchtime:		
Dow Jones Ind Ave	3,347.85	(-17.29)
S&P Composite	420.71	(-1.48)

■ US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	3.289%
Long Bond	106 7/32
Yield	7.45%

■ LONDON MONEY

3-mo Interbank	10 5/16%	(10⅜%)
Liffe long gilt future:	Sep 96 23/32	(Sep 96 13/16)

■ NORTH SEA OIL (Argus)

Brent 15-day (Sep)	$20.85	(19.875)

■ Gold

New York Comex (Aug)	$349.0	(349.2)
London	$348.65	(350.35)

■ STERLING

New York lunchtime:		
$	1.914	
London:		
$	1.908	(1.9135)
DM	2.8275	(2.825)
FFr	9.55	(9.5475)
SFr	2.54	(2.535)
Y	243.75	(243.5)
£ Index	91.8	(91.9)

■ DOLLAR

New York lunchtime:		
DM	1.478	
FFr	4.981	
SFr	1.3282	
Y	127.67	
London:		
DM	1.4815	(1.477)
FFr	5.005	(4.98)
SFr	1.331	(1.3245)
Y	127.7	(127.3)
$ Index	60.5	(60.3)
Tokyo close Y 127.53		

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.50	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

Iraq bars further UN probes

By Roger Matthews, Middle East Editor, in Washington, and Michael Littlejohns at the UN

IRAQ stepped up its political challenge to the United Nations in general and US president George Bush in particular yesterday by warning that it would not tolerate further inspections of Baghdad ministries by teams of UN inspectors.

The US immediately rejected the statement. Mr Marlin Fitzwater, the White House spokesman, said UN inspectors had the right to go anywhere they wished in Iraq. He added that the military planning had already been done to ensure that UN resolutions would be enforced.

Mr Hamed Youssef Hammadi, Iraq's information minister, said the government rejected any new UN attempt to enter ministries because the aim was to "hurt Iraq's sovereignty and independence".

A UN inspection team seeking evidence of Iraq's nuclear and chemical weapons' programme was denied entry to the agriculture ministry for 18 days last month in defiance of Security Council resolutions, forcing the UN to the brink of new military confrontation. On gaining access to the building the inspectors found nothing relating to Iraq's weapons programme and President Saddam Hussein quickly claimed Mr Bush had been politically humiliated.

Iraqi officials were jubilant that the UN team had been delayed for so long and that Americans in the team had to wait outside when the building was eventually searched.

Mr Hammadi said yesterday: "The entering of ministries or the headquarters of ministries will not be agreed to. This is one thing. As far as other places are concerned the inspection teams can visit any place in the country. We want to end this silly chapter as soon as possible."

A new 22-strong UN team headed by Mr Nikita Smidovich, a Russian, is preparing to leave Bahrain for Baghdad but has not specified the areas or buildings it wishes to visit. Mr Rolf Ekeus, who heads the UN effort to destroy all Iraq's weapons of mass destruction, told Mr Tariq Aziz, Iraq's deputy prime minister, last week that there would be a swift reaction if Baghdad again tried to block the inspectors.

In New York, Mr Michael Newlin, deputy head of the UN inspection commission, said the new probe of Iraq's major weapons capability would start on schedule tomorrow. A senior UN official said inspectors would not hesitate to try to enter a ministerial building if they suspected it contained relevant material.

The statement by Mr Hammadi keeps the issue high on the US political agenda as Mr Bush prepares for the Republican convention on August 17, which may be critical in his re-election bid.

The increasingly public acts of defiance from Mr Saddam are seen in Washington as an attempt to undermine the credibility of Mr Bush's biggest foreign policy success – the ejection of Iraqi troops from Kuwait. The Iraqi leader boasted of his part in the political downfall of Mrs Margaret Thatcher in Britain and Baghdad radio has been promising similar treatment for Mr Bush.

Pressure grows on UN to act over Bosnia

PRESSURE on the United Nations to stop the fighting in Bosnia mounted yesterday amid increasing international condemnation of Serbian aggression in the former Yugoslav republic.

The pressure, fuelled by media reports about detention camps and an escalation of violence throughout Bosnia-Hercegovina, coincided with the release by the Bosnian government of the latest casualty figures.

The Bosnians said at least 8,272 people had been killed in the four-month war following the republic's declaration of independence. At least 1,569 people had died in Sarajevo, where 380,000 people have been besieged by Serb fighters from the surrounding hills.

About 35,000 people have been wounded in fighting throughout Bosnia between mainly Moslems and Croats, on one side, and Serbs opposed to independence on the other, the Bosnian statement added.

The European Community condemned what it called "repulsive and despicable" Serb camps used to detain Bosnian civilians in Bosnia.

A statement issued by the British EC presidency demanded that the government in Belgrade press Serbs in Bosnia to allow international observers, above all members of the International Committee of the Red Cross, immediate access to the camps.

In an article in the New York Times, Lady Thatcher, former UK prime minister, called for military action against Serbia, in an attempt to influence US policy.

"A clear threat of military action would force Serbia into contemplating an end to its aggression," she said. Weapons should be supplied to the Bosnian government, she added.

In New York, the Organisation of the Islamic Conference, which groups 46 Moslem countries, pressed the UN Security Council to draw up tougher measures to stop the forcible deportation of Bosnia's Moslem population.

The OIC wants the UN to exempt Bosnia from an arms embargo. Tehran radio quoted President Akbar Hashemi Rafsanjani as pledging Iranian co-operation with other Moslem countries and international bodies to end the "savage massacre of innocent and defenceless Moslems in Bosnia".

In spite of mounting demands for action, western governments remain reluctant to respond militarily. President George Bush has ruled out military intervention unless it has the backing of the UN, and is aimed at supporting humanitarian relief convoys.

Mr Douglas Hurd, the British foreign secretary, played down the significance of Lady Thatcher's remarks. "They are not new, and they are not secret," he said.

Mr John Major, the British prime minister, again ruled out military intervention. "All the advice I have tells me that we

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Islamic nations press UN, Page 2

An old man displaced by fighting in the Rodatica area of eastern Bosnia is helped on his arrival in Sarajevo

Barclays chief warns of long UK recession

By Robert Peston, Ivo Dawnay, Andrew Taylor and Peter John in London

SIR JOHN QUINTON, chairman of Barclays, Britain's biggest bank, yesterday warned that the UK recession could go on for another two years.

His gloomy predictions, coming on the heels of a series of warnings by business leaders that recovery is some way off, were immediately attacked by the government.

Mr Stephen Dorrell, financial secretary to the Treasury, rejected Sir John's prediction as conflicting with the forecasts of most independent forecasters.

"The important thing is to avoid the danger of talking ourselves into a sense of almost terminal gloom," he said.

But Sir John, one of Britain's most experienced bankers, said he detected no "green shoots of recovery". He had formulated his views from talking to customers and branch managers.

He was speaking as he disclosed that the recession had cost Barclays £1.07bn ($2bn) in charges to cover loan losses in the first six months of the year. Barclays incurred an after-tax loss of £30m, only the second time in its 300-year history that it has reported a loss.

Mr Dorrell said: "We must not be panicked by short-term problems. We have to keep our eyes clearly on the medium-term objective of a stable monetary background."

Mr Robin Cook, Labour's trade and industry spokesman, claimed that Barclays' figures were "a more accurate guide to our future than the fiddled forecasts of the Treasury".

Sir John's remarks led to a fall in share prices, which was exacerbated when British Petroleum disclosed that it was halving its second-quarter dividend.

The FT-SE 100 index closed 15.2 lower at 2,377.6. However, Barclays' share price gained 10p to

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BP's first-half loss forces payout and workforce cuts

By Neil Buckley and Norma Cohen

BRITISH Petroleum, one of the UK's biggest companies, had its darkest day for decades yesterday as it cut its dividend for the first time since the first world war, reported a substantial first-half loss and said it was eliminating 11,500 jobs worldwide.

About 1,500 jobs will go in the UK, as the group's research and engineering divisions – which currently employ 3,600 people – are merged. The BP engineering site at Uxbridge, west London, will close, with its workload transferred to the site at Sunbury, Surrey.

The loss and the redundancies were the result of an aggressive cost-cutting and assets sales programme, for which the company made an exceptional charge of £1bn.

The charge transformed a second-quarter net profit of £107m ($204m) on a replacement cost basis – slightly better than expected – into an unprecedented £812m net loss. The first-half loss was £717m, compared with a £834m profit in the 1991 period.

The second-quarter dividend was halved to 2.1p. In the first half, BP reported a loss per share of 12.1p, compared with earnings of 4.5p in the first half last year. BP's shares fell 10p to 196½p yesterday.

Mr David Simon, who replaced Mr Robert Horton as chief executive after a boardroom coup in June, said the results were "clearly unsatisfactory". He outlined an accelerated programme of cost-cutting and asset disposals to reduce BP's $16bn (£8.5bn) debt.

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■ Shell results .... Page 16

A total of 11,500 jobs will be lost, although this includes some that have already gone since the beginning of the year. Eighty per cent of the losses will be in Europe, where BP is "Europeanising" its refining and marketing business, by integrating 23 different national managements into one office in Brussels.

Although Mr Simon said BP faced an "extremely uncertain economic outlook", analysts said that without the exceptional charge, the replacement cost profit (which does not take into account changes in stock values) for the first half-year of £202m was better than expected. It was helped by a strong performance from the exploration and production arm despite weak oil prices.

The refining and marketing and chemicals businesses suffered sharp drops in profits, however, which BP blamed on the impact of recession and overcapacity in the industry.

Debt had also reached $16bn – taking gearing, the debt-to-equity ratio, to 87 per cent. Mr Steve Ahearne, BP's chief financial officer, said this was the "limit of prudence". Mr Ahearne debt could rise to $16.5bn or $17bn by the end of the year, taking gearing to about 90 per cent. He said the company had no plans for a rights issue.

This made it essential to cut the dividend, continue to slash costs and sell assets to allow debt to be paid off.

Shareholder reaction to the dividend cut ranged from resignation to disbelief. British institutional shareholders had been expecting a cut of 30 to 50 per cent in the dividend, with most opinion centered on the lower end of that range.

CONTENTS

Russia boosts cash for state enterprises

By Leyla Boulton in Moscow

THE Russian government has agreed to provide state enterprises with Rbs500bn in fresh working capital after Mr Viktor Gerashchenko, the newly reappointed central bank chairman, tried to set the figure at Rbs1,000bn.

Mr Andrei Nechayev, the economics minister, said yesterday that the figure had been reduced to Rbs500bn after stormy debates within the government and with Mr Gerashchenko, whom he accused of seeking unilaterally to alter government policy on the debt crisis which has beset state-owned enterprises.

The new money, which is in addition to another unscheduled Rbs200bn handed out to enterprises this spring, is supposed to be tied to strict conditions so that it helps enterprises which are unable to operate because of inflation-induced cash-flow problems.

Enterprises are not for instance to use the government help to increase wages or prices. Net debtors in the payments crisis are still supposed to be made accountable for their debts, and Mr Nechayev denied that he had given up a plan to effect a few bankruptcies of irresponsible state enterprises to discourage others.

Asked in what circumstances the government might resign rather than continue to compromise with its domestic critics over financial stabilisation, Mr Nechayev said that stepping down would become an option "if we were no longer able to block financially irresponsible policies".

But as the government yesterday welcomed the receipt of a first International Monetary Fund credit tranche of $1bn and hoped it would obtain an extra $3bn in the autumn, it is looking increasingly unlikely to meet targets agreed with the Fund to restore the country to some sort of financial health.

To gain access to the first $1bn, which is to replenish depleted foreign exchange reserves, Moscow undertook to keep the budget deficit to below 5 per cent of gross domestic product and to lower inflation to a monthly level of 10 per cent. The near-impossibility of this task is underlined by estimates by western experts that the budget deficit was already heading for 15 per cent of GDP, before the approval of Rbs500bn – which is itself bigger than the budget deficit already forecast by the government.

Kinkel calls for SPD to ease stand on military

By Christopher Parkes

MR Klaus Kinkel, Bonn's foreign minister, yesterday turned a UN request for more support from Germany into a renewed plea for German military involvement in the world arena.

"The appeal to Germany from Mr Boutros Boutros Ghali, United Nations secretary general, to take part in a UN rapid reaction force shows how pressing expectations are," he said.

The UN leader said in an interview published yesterday that he would welcome German troops in the UN stand-by force he proposed in a recent report, Programme for Peace. "One of my aims is to win more support from Germany," he added.

Mr Kinkel called on the Social Democrat (SPD) opposition to give up its resistance to the constitutional changes needed for Bundeswehr forces to operate outside the Nato area.

He said he found recent calls from SPD foreign policy experts for Germany to seek a permanent seat on the UN Security Council "especially interesting". Their proposals indicated that the SPD was coming to accept that the enlarged Germany had increased international responsibilities, and could no longer stand aside.

However, he added, Germany's voice in the UN could only carry the necessary authority if the country fulfilled all responsibilities. "These include readiness to take part in peace-keeping... and peace-making actions under UN auspices."

International observers considered Mr Kinkel's reaction "predictable", a sign of the newly-appointed minister's frustration, and unlikely to yield any early results. However, they had detected a change in the government's tack on the issue of possible membership of the Security Council.

Formerly shrugged off as "not a priority", the issue, according to Mr Kinkel, would now be given "suitable consideration" if raised. The change follows Japan's declared interest in the event of a reform of the UN Charter.

Riviera president charged with fraud

THE conservative president of France's Riviera region was charged with fraud yesterday in the latest of a spate of French corruption scandals, Reuter reports from Grasse.

Mr Jean-Claude Gaudin, the head of the Provence-Alpes-Côte d'Azur region and member of the Union pour la Democratie Française (UDF), is accused of creating a false job in his cabinet for an employee who did not do the work for which he was paid and abused his position and contacts to peddle influence.

Mr Gaudin's chief of staff, Claude Bertrand, has also been charged in the case on three counts of fraud and complicity in peddling influence.

Mr Gaudin said he was innocent and the charges were politically motivated – the "last episode" of elections last March which returned him as regional president.

Anti-Mafia laws pass

THE Rome government pushed a package of anti-Mafia laws through parliament yesterday after measures to break the gangsters' ties with politicians were watered down, Reuter reports from Rome.

Prime Minister Giuliano Amato drafted the bill to give police wider powers after bombs killed two leading judges in Sicily.

The laws, passed by a large majority, allow police to use undercover "sting" operations, wiretaps and infiltrators.

The anti-Mafia La Rete group, based in Sicily, protested after the ruling parties watered down a clause aimed at politicians who trade votes for promises with the clans.

Opposition from Claudio Martelli, the justice minister, cut the list of offences down to one – politicians caught paying for votes from gangsters face up to six years in jail.

Boom in German offices subsiding

By Christopher Parkes in Bonn

GERMANY'S office rent boom is running out of steam. The cost of space in Frankfurt, for example, is now only 3.5 per cent higher than a year ago, the RDM property agents association said yesterday. During the previous year rents in Germany's main banking and business centre had risen by up to 16 per cent.

The overall slowdown was less marked, thanks to strong demand in Berlin, the new capital, Munich and Cologne. But average business rents still rose by only 8 per cent, compared with 15 per cent a year earlier.

There is a danger of a build-up of unlet space in Frankfurt, Düsseldorf, Hamburg and Munich, the association said. Further slowing in rent rises is expected this year, because of economic uncertainty and the fading excitement over completion of the single European market, it added.

Even so, there was no shortage of takers for best-quality, city-centre space, and the RDM viewed the outlook with cautious optimism.

Average monthly rents in Frankfurt are now DM60 ($40.50) a square metre. Top rates of around DM90 compare with DM70 in Munich. Prices there climbed more than 15 per cent, driven up by a shortage of space in the centre and the development of new properties near the route to the new airport.

Further north, quality space in Düsseldorf ranges from DM35 to DM60. In Cologne, the office property boom town of the 1980s, rents are 12.5 per cent up on a year ago, at around DM32. The city's position in the centre of industrial Germany and the EC still has strong pulling power, the association said.

Berlin, meanwhile, continued its upward charge, recording a 60 per cent increase over the 12 months under review. The best offices now cost DM100 and more, with good quality space DM30 dearer at DM80 a square metre.

● New orders for west German manufacturers fell in June for the fourth month in succession, the Economics Ministry said. Drops of 3 per cent in domestic orders and 1.5 per cent in export demand produced an overall seasonally and price-adjusted decline of 2 per cent.

Thatcher adds to pressure on president to take lead in stopping slaughter

Bush defends stance on Yugoslav conflict

By Jurek Martin in Washington

PRESIDENT George Bush, under pressure to take a stronger lead on the Yugoslav conflict, said yesterday the US would move to full diplomatic relations with the breakaway republics of Slovenia, Croatia and Bosnia-Hercegovina.

He told reporters during an election campaign trip to Colorado that "any and all" detention camps in the former Yugoslavia must be open to inspections.

"To truly end the humanitarian nightmare, we must stop ethnic cleansing and open any and all detention camps to international inspection," he said.

Mr Bush's defensive remarks on Yugoslav policy came as the US administration was under renewed pressure both at home and abroad to take the lead in stopping the slaughter in Bosnia.

Sensing administration paralysis, Governor Bill Clinton, the Democratic presidential candidate, has again called for an emergency session of the United Nations Security Council and has warned that force may have to be used against Serbia.

"History has shown you can't just allow the mass extermination of people based on their ethnic origin and just sit by and watch it happen," he told a rally in Missouri.

The foreign pressure on Mr Bush came in the form of a powerful column in yesterday's New York Times by Lady Thatcher, the former British prime minister. She wrote that Serbia must be issued with an ultimatum, accompanied by the threat of military action, if it does not comply with western demands.

These should include an end to Belgrade's economic support for the war in Bosnia, its recognition of Bosnian independence and territorial integrity, the demilitarisation of Bosnia within a broader regional demilitarisation, guaranteed access for humanitarian teams, and the promise of co-operation in the return of refugees to Bosnia.

"American leadership in this endeavour is indispensable, as the EC's paralysis has shown, but America cannot be expected to act alone," Lady Thatcher wrote. "Nato, which is the most practical instrument to hand, must deal with the crisis."

Until Mr Bush's latest remarks, the most positive US initiative came on Wednesday when it called for an extraordinary session of the UN Human Rights Commission in Geneva, possibly as early as next week.

On Monday, the State Department appeared to suggest that the US had evidence confirming media reports of Serbian "death camps", but this was withdrawn the following day.

On Wednesday, however, Mr Laurence Eagleburger, the deputy secretary of state, issued a statement saying such reports were "profoundly disturbing".

Yesterday, the New York Times quoted an unidentified senior official as saying: "We are at the point now where there may well be greater danger in not taking risks than in taking risks, and I think the president may have to roll the dice if things don't improve."

But the US military has consistently advised that any operation in the Balkans would be fraught with risk.

Mr Bush's political advisers are also concerned that any US military involvement might backfire, with the election less than three months away.

A butterfly settles on the face of an ethnic Serb soldier during a lull in fighting near Konic, eastern Hercegovina, yesterday

UK looks at safe havens

By Ivo Dawnay, Political Correspondent

BRITAIN is reviewing the possibility of creating safe havens for civilians and refugees in Yugoslavia, Mr John Major, the prime minister, revealed yesterday.

But he also made clear that the creation of havens, which won Mr Major praise as a successful personal initiative for the Kurds in Iraq, could have serious drawbacks in the different circumstances of the conflict in Bosnia-Hercegovina.

"A real problem is how to avoid precipitating a further outflow [of refugees] and thereby risk colluding in Serbian ethnic cleansing," Mr Major warned.

The safe havens option was raised in a letter to Mr Paddy Ashdown, leader of the Liberal Democrat party, who had criticised the government for inaction over the Yugoslav crisis.

Mr Major rejected the inaction charge, pointing to RAF airlifts, increased humanitarian aid, the London conference scheduled for the end of this month and the visit of Mr Douglas Hurd, the foreign secretary, to the region.

"This is hardly sitting on our hands," he said.

Claiming Mr Ashdown had misrepresented Britain's position on refugees, he pointed out that the UK was the only EC country that had no visa requirement for nationals of the former Yugoslavia.

Some 4,000 a month had entered the country since the crisis began and "no one from a conflict area" would be forced to return. But the UK believed the best solution to the refugee problem was for people to remain as near as possible to their place of origin, where relief and medical supplies as well as shelter and protection were available.

Islamic nations press UN on force

By Judy Dempsey

THE 46 members of the Organisation of the Islamic Conference (OIC) are applying pressure on the United Nations Security Council to intervene militarily in Bosnia-Hercegovina following an increase in fighting throughout the republic.

The OIC, which recently formed a "contact group" or lobby at the UN, wants the Security Council to exempt Bosnia from the arms embargo, deploy more military forces in the independent republic and step up the humanitarian relief effort.

The lobby, which emerged from the OIC meeting in Istanbul in June, is chaired by Mr Mustfa Aksin, Turkey's ambassador to the UN, and includes Pakistan, Iran, Egypt and Senegal. Saudi Arabia will soon join the lobby which acts on behalf of all the OIC member countries – which include a quarter of UN members.

"We [the lobby] think the Security Council is not doing enough in trying to stop the killing in Bosnia-Hercegovina," a Turkish diplomat based in the US said yesterday. He added that last Monday, it asked Daoyu Li, the (Chinese) president of the Security Council, to adopt a much tougher resolution in defence of Bosnia's Moslem population against Serb aggression.

"We are prepared to take other measures if the Security Council does not respond favourably to our proposals," an official from the Turkish Foreign Ministry said yesterday. Although he did not give details, he said Turkey would continue to comply with current UN resolutions and sympathise with any EC resolutions.

Eastern European diplomats at the UN said Morocco, which is a non-permanent member of the Security Council, has repeatedly backed Hungary and Austria in attempts to apply more pressure on Serbia to stop the killing.

But despite the unanimity among OIC member states in criticising western caution and in condemning the violent break-up of Bosnia, the movement remains unclear about its goals. It provides aid to the Bosnians but is unlikely to launch any unilateral military initiative.

A Pakistani diplomat said: "In all honesty, the movement is pretty spineless. The most important Arab countries continue to hide behind the US. They give a bit of money to the Bosnian Moslems. But it does not add up to much, yet."

In their effort to seek assistance from the Islamic world, Bosnia's Moslems, who are Sunni, and Slav, have to play a delicate balancing act.

They cannot afford to receive support from any fundamentalist Shia movements because that would give credibility to Serbian propaganda that the Moslems are intent on setting up an Islamic fundamentalist state in Bosnia, a claim denied by Bosnian officials.

On the other hand, the longer the war continues in Bosnia, and the longer the international community hesitates in taking military action, the more likely it is that sections of the Moslem community will be further radicalised.

Finns try to stem outflow of capital

By Robert Taylor in Stockholm

FINLAND yesterday moved to stop a sudden outflow of capital from the country by raising interest rates on commercial bank lending from 14.6 per cent to 16 per cent.

Last week Finland's reserves fell by nearly FM1bn ($247m) to FM30.4bn. But over the past few days the outward flow of capital has turned into a flood.

The central bank blamed the the lack of international confidence in the economic policy of the Finnish centre-conservative coalition government, which has suffered from serious differences of opinion between ministers.

After an emergency meeting yesterday the cabinet insisted the government would stick to its policy of spending cuts and did not intend to devalue the currency further. Ministers said there was no alternative to the present economic course or the continuation of the government in office.

This is the third time since last November's devaluation of the markka that the central bank has had to raise interest rates to stabilise the markets.

There was further bad economic news yesterday: unemployment rose to 12.7 per cent in June. It was also revealed that the budget deficit for the year is expected to rise by FM60bn, to FM152bn, about 20 per cent of GDP.

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Brussels rebukes airlines

By Andrew Hill in Brussels

FOUR European airlines have been rebuked by the European Commission for increasing fares last summer in breach of EC law.

The Commission condemned fare increases introduced by British Airways, Alitalia, Luxair and Iberia on 22 routes – all but one involving British airports. The Commission decided the increases were not "reasonably related" to the airlines' long-term costs.

The Commission has not punished the airlines, which increased the fares during the Gulf crisis when the regulatory regime was temporarily relaxed. Instead, it has warned governments that they cannot use the prices as a reference for future increases.

Britain asked Brussels to look into nearly 100 fare increases in April 1991. Most of the fares were cleared by the Commission.

British Airways received a rap over the knuckles for increasing the standard fares on 12 routes booked from Greece, Italy, Spain, Denmark and Belgium into Manchester and London. The British carrier also broke the law with fare increases on three routes out of Birmingham.

● The European Commission yesterday gave Pepsico and General Mills, US multinationals, the go-ahead to create Europe's largest manufacturer of snack food products.

Brussels' competition authorities cleared the joint venture – which will have sales of $640m – after a routine one-month investigation.

The US groups said in May they intended to merge their operations in six continental European countries. A Commission spokesman said the fragmentation of the EC snack food business meant the enlarged company would command less than 10 per cent of the market.

The Commission found that the companies' operations overlapped only in the area of savoury products, such as potato chips. But as the two companies were active in different parts of the Community, Brussels decided the deal would not distort competition.

Pepsico will own 59.5 per cent of the joint venture and General Mills 40.5 per cent. The joint venture will embrace Pepsico's operations in Spain, Portugal and Greece, and General Mills' business in France, Belgium and the Netherlands.

Support for Maastricht melts away in French sun

Alice Rawsthorn on the prospects for next month's referendum, where a No vote could kill European union

THE cover of Paris-Match, usually emblazoned with headlines about ageing actors and their latest romances or the melodramas of the Monegasque princesses, this week carries the more sober message "Maastricht: le non grignote" – "Maastricht: the no vote gnaws away".

For weeks French support for the Maastricht treaty on European union has been falling steadily. This week's Paris-Match magazine confirms just how far it has gone by publishing a poll, compiled by the BVA consultancy, which shows that the proportion of the electorate planning to vote Yes in next month's Maastricht referendum has fallen from 63 to 56 per cent in a month.

If France does vote No to Maastricht in the referendum on September 20, the treaty will be dead. This would be an ironic end for the treaty because the French have historically been strong supporters of European unity, and because President François Mitterrand has styled himself, at home and abroad, as the treaty's champion.

The president, bruised by a slide in popularity this year, has so far adopted a conspicuously low profile in the referendum campaign. But the depth of his past involvement, and that of the ruling Socialist party, means a No vote would at the very least also be a serious blow to the party's prospects in next spring's National Assembly elections.

What is the risk of the French voting against Maastricht? Until recently such a prospect would have seemed inconceivable. The pro-Europe faction in the French electorate has rarely fallen below 60 per cent since the 1950s. In a 1989 poll European unity emerged as the top priority of the French, ahead of disarmament and helping the third world.

There has since been a slow but steady decline in support for Europe. But it is only in the past four weeks, since Mr Mitterrand announced the date of the referendum and the political campaigning began in earnest, that opposition to Maastricht has accelerated, particularly among older voters.

The Paris-Match poll simply reinforced the message from other recent polls. A similar study conducted by the IFOP consultancy published in Libération on Tuesday showed that the No vote had risen from 38 per cent in early June to 44 per cent by the end of July.

Most of the French say they have already decided which way to vote. However, 29 per cent of the Yes voters and 34 per cent of the No voters in the BVA poll said they might change their minds. This means that, in theory, the Yes vote could fall as low as 40 per cent, or rise as high as 71 per cent.

In practice, the switch in sentiment in the remaining 6¼ weeks before the referendum is unlikely to be nearly so dramatic. Although the trend is clearly towards rejection, it seems more probable that the French will say Yes. Privately, however, even the Socialists accept that they could do so by an embarrassingly slender majority.

The situation is complicated by the referendum's timing, just after the long French summer holidays. August is scarcely the time for political discussion in France, which helps to explain the absence of any serious intellectual debate over Europe's future in the approach to the referendum.

So far the referendum campaign has been notable only for its scrappiness. The government was last week forced to abandon its proposed television campaign after objections by the broadcasting authority. The centre right parties, the RPR and the UDF, are hopelessly split over Maastricht. Their campaign has consisted of a motley assortment of personal statements by their more outspoken members.

The only concerted campaign against the treaty has come from Mr Jean-Marie Le Pen's extreme-right National Front, which has this week been hauling an anti-Maastricht caravan from beach to beach on the south coast, although some hard-left Socialists, and the Communists, have also come out against Maastricht.

The critical question is how far the growth of the No vote should be interpreted less as a sea-change in sentiment towards European union than as direct criticism of the Socialists, who have come under criticism for rising unemployment and a series of scandals. These range from next month's corruption trial for Mr Henri Emanuelli, president of the National Assembly, to the involvement of senior Socialists, including Mr Laurent Fabius, party chairman, in the HIV-contaminated blood case, which resumes in October.

So far no one knows the answer. Asked why they oppose Maastricht, people tend to cite the threat to France's identity or the risk of damaging the economy. Meanwhile, Mr Mitterrand and his fellow Socialists are bracing themselves for the effect of the next set of unemployment figures on the Maastricht polls, as France snoozes through the summer holiday.

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UN mission flies into Somalia

By Julian Ozanne in Mogadishu

A SPECIAL United Nations assessment mission yesterday flew into war shattered Mogadishu to consider means of improving security to distribute food to hundreds of thousands of starving Somalis.

The mission arrived as a huge effort was under way to move hundreds of tonnes of food blocked in the port into the city. "We are trying our best to put food into the mouths of people who need it, but it is becoming increasingly difficult to do so because of looting and insecurity," said one aid worker.

A World Food Programme (WFP) official, Mr Trevor Page, yesterday dismissed British press reports that the UN was going to suspend food deliveries for a month, due to the insecurity, as "absolute nonsense". Two UN-chartered ships, carrying 10,000 tons of sorghum for Mogadishu and 3,000 tons of food for Kismayo, are due to dock on Sunday.

However, senior UN officials appear deeply divided about the role of the technical mission. One official in Mogadishu said it had been sent to "rubber stamp" the view of Mr Boutros Boutros Ghali, UN secretary-general, that a contingent of armed UN guards was imperative to protect humanitarian operations and food distribution – with or without the consent of the feuding factions. Canada's announcement yesterday that it was prepared to send 500 troops to Somalia on the request of the UN, appeared to confirm reports that the secretary-general is shopping around for member countries willing to provide military forces.

But Mr Mohammed Sahnoun, the UN special envoy to Somalia, has consistently said it would be extremely dangerous and counter-productive to send in armed troops in the face of violent opposition by General Mohammed Faffar Aideed, the strongest of Somalia's feuding war lords.

Gen Aideed has said he will shell any UN troops trying to enter Somalia and Mr Sahnoun has cautioned against the UN embarking on intervention that would turn it into an occupying force risking casualties.

Meanwhile, the thousands of gunmen in Mogadishu continue to threaten the fragile relief operation, exacerbating the mounting death toll from starvation. On Wednesday, 20 trucks carrying 200 tons of food from the port to Wardigley, a suburb of Mogadishu, were hijacked by gunmen and disappeared en route.

So far this year only 107,000 tons of food has been delivered to Somalia, the bulk by the Red Cross. The estimate of food needs for 1992 is at least 400,000 tons. Getting food out of the ports to the starving civilians, however, continues to be the single biggest obstacle.

Mr Holbrooke Arthur, the WFP representative in Somalia, said distribution of food was deteriorating with successful food distribution to the most needy having decreased from 90 per cent for their first shipment to 30 per cent.

"We can't distribute food successfully without military intervention," said one aid worker. "It can be done with military troops but only if we're prepared for the situation to become bloody. No one wants to support that."

The UN technical mission, which yesterday met both feuding factions in Mogadishu and aid agencies, is also going to consider how to monitor the shaky ceasefire; a "food-for-arms" exchange programme; the feasibility of an airlift to the interior of Somalia; and how to help re-establish a police force.

Mr Bernard Kouchner, the French health and humanitarian action minister, yesterday said he had witnessed in Somalia the worst suffering since the Biafran war.

He urged Britain to use its presidency of the European Community to double aid to the east African state.

S Africa protest winding down

By Michael Holman in Johannesburg

SOUTH AFRICA'S week of protest, to force an early transition to majority rule, appeared to be winding down yesterday.

Marches and sit-ins continued in several cities and towns; thousands of workers in Port Elizabeth occupied office blocks and shops, while in Pietermaritzburg about 400 taxis clogged the city's roads. Further demonstrations are planned today.

But the campaign seems to have peaked at Wednesday's rally in Pretoria, attended by more than 50,000 supporters of the African National Congress (ANC).

There was speculation yesterday about an early resumption of constitutional talks, after comments by President F W de Klerk on Wednesday night. He said at an informal press conference that "we are moving to the resumption of negotiations", and confirmed that discussions between the government and the ANC on "specific issues" had been taking place over the past five days. He did not elaborate. It is known that one of the subjects discussed was the release of about 350 political prisoners.

"We need to broaden the discussion to include other issues," Mr de Klerk added. "I look forward to the day when Mr [Nelson] Mandela will once again see me in my office."

● At least two armed white men dressed in camouflage uniforms were among attackers in the June 17 Boipatong massacre, according to a witness who testified yesterday before the Goldstone judicial commission of inquiry into political violence.

Editorial Comment, Page 12

Japan fails to kick the export habit

The country's current account surplus is soaring again, writes Robert Thomson

A VERY large current account surplus has returned to haunt the Japanese government. After sharp falls in the late 1980s, the surplus this year is set to surpass the record $87bn in 1987 and to intensify international pressure on Japan to prove that its markets are genuinely open.

The sharp appreciation of the yen after the Plaza Accord in 1985 was supposed to have blunted the surplus, as was investment abroad by leading exporters such the electronics and car industries. But a slowdown in the domestic economy has weakened demand for imports and encouraged manufacturers to export, enlarging the surplus to its old, daunting size.

In the first half of this year, it rose by 94 per cent to $56.2bn, and while the sheer size of the figure suggests that nothing much has changed from the mid-1980s, there are differences. Instead of selling the whole product, companies are exporting components to new factories abroad, and east Asia has replaced north America as Japan's most important market.

However, these patterns have not lessened trade tension with the European Community and the US, rather they have created new frictions with Asian trading partners and have placed further pressure on the Japanese government to show there are no "structural impediments" to imports.

When the Japanese economy expanded rapidly in the late 1980s, the current account surplus fell in tandem. After the customs-cleared trade surplus reached $82.7bn in 1986, the figure declined to $77.5bn in 1988 and to $52.1bn in 1990.

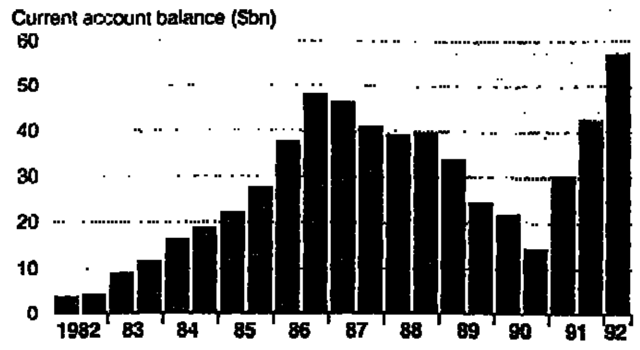
The government claimed credit for orchestrating the fall and even expressed concern that the surplus, regarded as an important measure of economic strength, was disappearing too quickly. But just as the "bubble" economy grossly inflated land and stock prices, so the decline in the surplus was exaggerated.

Mr Noboru Hatakeyama, vice-minister for international affairs at the Ministry of International Trade and Industry (Miti), admits the "adjustment process" was distorted in the late 1980s, and that some manufacturers misread their markets. "We can say that some companies invested too much in new capacity," he says.

Adjustment was distorted by unsustainable imports of luxury goods, including French impressionist paintings and European cars, and by manufacturers presuming that a hungry domestic market would become even hungrier. In addition, rapid growth in overseas travel helped reduce the current account surplus.

The cycle ended as the Tokyo stock market peaked in December 1989, the official end of the easy money era. In the first half this year, European car imports were down 4 per cent year-on-year, after a 23.4 per cent fall last year, and art imports were down 65 per cent. A current account surplus equivalent to 1.1 per cent of gross national product in fiscal 1990 rose to 2.6 per cent in 1991.

Another important factor is that Japan's imports are heavily weighted towards raw materials, partly-processed materials or low value-added goods. In the first six months, machinery of all kinds accounted for only 18.8 per cent of the import total, while foodstuffs, raw materials and fuels amounted to 49.6 per cent.



Source: Datastream

While imports remain low value-added, Japanese exporters have continued to add value to their products. In the first half, the volume of car exports rose 2 per cent but their value rose by 14 per cent. And as the economy idles, inventories are rising, capacity utilisation is falling, and manufacturers have good reason to turn to export markets.

At the same time, foreign producers attempting to expand market share face increased competition and cut-throat pricing in the overcrowded domestic market. Semiconductors provide a good example – the foreign share of Japan's semiconductor market has stalled at around 14 per cent, while Japanese producers increased their chip exports by 16 per cent in June.

Under a US-Japan semiconductor pact, the foreign share is supposed to be 20 per cent by the end of the year. The US trade representative recently concluded that there had not been "sufficient progress" and that action might be taken against Japan.

The Japanese government fears that this and other disputes will force the Bush administration to take tougher action in the lead-up to the US presidential election. Japan's exports to the US rose 5.3 per cent in the first half and imports from the US fell 1.7 per cent – the deficit with Japan accounted for 62 per cent of the total US deficit in May and for 74 per cent of the April deficit.

Meanwhile, the European Commission, annoyed by a similar increase in the Japanese surplus with the EC over the past year, wants talks on removing "structural impediments" to trade. The demand echoes the US-Japan Structural Impediments Initiative and reflects concerns that the Japanese market is restricted by the country's corporate culture.

Realising that stimulating the domestic market could solve some of these problems, Tokyo has promised to deliver a supplementary budget this month, while companies are being quietly cautioned against flooding foreign markets with products that cannot be sold at home.

War games: a US marine and Kuwaiti soldiers move through camouflage smoke yesterday to cover a comrade in a wounded posture. The soldiers are practising room-to-room fighting in the Umm al-Aish barracks, 70km from Kuwait City, as part of two weeks of US-Kuwaiti military manoeuvres

Two US banks already in discussions

Philippines plans Eurobond launch

By Tracy Corrigan

FOLLOWING completion of its commercial debt rescheduling package last month, the Philippines is planning to return to the international financial markets for the first time since the debt crisis of the 1980s.

Two US banks, Chase Investment and J P Morgan Securities, are already in discussions with the authorities in Manila about a potential $100m (£52.3m) offering of Eurobonds, which could be launched as early as next month.

Mr Ramon del Rosario, finance secretary, told a news conference: "We think this is a logical step, and then hopefully after the national government has taken that step, private corporations... can also begin to take the plunge back into the voluntary financial market."

The terms of the bond issue were still being worked out, he added.

Analysts believe the offering is feasible, not only because of the debt rescheduling but because of renewed confidence in the country's future under the newly elected administration of Mr Fidel Ramos.

"I don't think you could have talked about the country's return to international markets six months ago," said Ms Joyce Chang, vice-president of emerging markets at Salomon Brothers in New York. "There is a positive feeling both internationally and domestically about prospects for the new government."

The country's secondary market debt, which was trading at about 49 cents in the dollar prior to the election, is now quoted at 58 cents in the dollar. However, she cautioned that a number of difficult measures had still to be taken by the government.

The Philippines' return to the international capital markets would follow rehabilitation of Latin American countries such as Mexico and Brazil, after a long absence following the 1980s' debt crisis. The Philippines' financial crisis began in 1983 when the central bank's gross reserves plunged to dangerously low levels, prompting a unilateral debt moratorium.

The $100m Eurobond is expected to be issued through a state bank or agency, such as the National Development Bank, and to have a short life of two or three years.

According to bankers, Manila would have to pay interest of about 3¼ percentage points more than the yield on the comparable US Treasury note.

The Philippines "would be hard put to justify a finer spread than Argentina or Venezuela," said Mr Paul Luke, head of research at Morgan Grenfell in London, which paid around that level for recent debt offerings.

● Philippine officials are supporting moves to encourage the entry of foreign banks, adds Jose Galang in Manila.

Under a proposed bill the banks would be allowed entry as full-service branches, wholly owned subsidiaries, or as 70 per cent equity partners with domestic banks. The policy-making Monetary Board, of which Mr del Rosario and the governor of the Central Bank of the Philippines are members, has endorsed the bill.

The timetable for introduction of the proposals has not been disclosed but officials have said it would be a priority.

Opposition from domestic commercial banks had derailed plans by previous governments to allow the entry of foreign institutions. However, many of the 24 domestic banks have foreign investors as minority partners.

There are four branches of foreign banks operating in the Philippines – Citibank, Bank of America, Hongkong and Shanghai, and Standard Chartered.

Australia releases funds for rail project

By Emelia Tagaza in Canberra

THE Australian government said yesterday it was making A$181m (£71m) immediately available for a railway project designed to create 12,000 direct and indirect jobs over the next two years.

Mr Paul Keating, prime minister, said the spending was the first stage of a A$454m national rail network programme. Release of the funds coincided with figures showing unemployment for July stood at 11 per cent, only marginally lower than June's record 11.1 per cent.

A national rail network was a key element of Mr Keating's economic statement in February. This allocated $2.3bn over two years to boost the economy and cut unemployment to less than 10 per cent by the next general election, in mid-1993.

Australia's railways are fragmented by different state systems and track sizes, making inter-state rail inefficient. Mr Keating's programme aims at a uniform-gauge track linking mainland state capitals.

The programme also intends to set up a National Railway Corporation, which would control inter-state rail freight operations.

The government had hoped the $2.3bn economic boost would lead to a 4.75 per cent growth in 1992-3. However, it has conceded this will not be achieved and that growth of less than 4 per cent is a more realistic target.

Growth in 1991-2 is expected to be about 2 per cent.

India moves on Bombay stock probe

By Shiraz Sidhva in New Delhi

THE Indian parliament yesterday spelt out the terms of reference of the joint parliamentary committee assigned to investigate Bombay's financial scandal.

The committee's 30 members, named yesterday, must investigate the "irregularities and fraudulent manipulations" of securities, shares and bonds; "fix responsibility" on individuals, institutions and authorities; and identify inadequacies and failures in supervisory mechanisms.

The committee, which will submit its report by the end of parliament's winter session, will also examine the role of banks, stock exchanges, financial institutions and public-sector undertakings involved in the scandal.

Mr Ghulam Nabi Azad, minister for parliamentary affairs, assured MPs of the government's "fullest co-operation" with the committee. He said it was keen to reveal the truth about the scandal, and track down those responsible.

● Mr Narasimha Rao, India's prime minister, said yesterday that India would continue to hold a dialogue with Pakistan, despite recent border skirmishes. He added that talks between the countries' foreign secretaries would be held between August 16 and 18.

Rabin adopts new tack to win friends and influence people

The Israeli leaders' less defensive approach to foreign policy will have an airing in the US, writes Hugh Carnegy

MR Yitzhak Rabin, Israel's new prime minister, yesterday left for the US on a visit expected to rekindle Israel's relationship with Washington. Underlying the trip will be a broader shift in the Jewish state's approach to foreign policy.

Mr Rabin is hoping for an agreement to release $10bn (£5.2bn) in US loan guarantees denied to Mr Yitzhak Shamir, his predecessor, because of a refusal to freeze Jewish settlements in the occupied territories. President George Bush and Mr Rabin, who meet on Monday, are also likely to smooth out differences over Middle East peace talks, launched in Madrid last year and due to resume in Washington on August 24.

The Israeli leader will stop in New York on his way to Mr Bush's home in Kennebunkport, to meet Mr Boutros Boutros Ghali, United Nations secretary-general.

The visit to the US is a chance for Mr Rabin to chart a wider foreign policy course, well away from the isolationist path followed by Mr Shamir. He made this shift clear during his inaugural speech to parliament last month when he said: "No longer is it true that the whole world is against us."

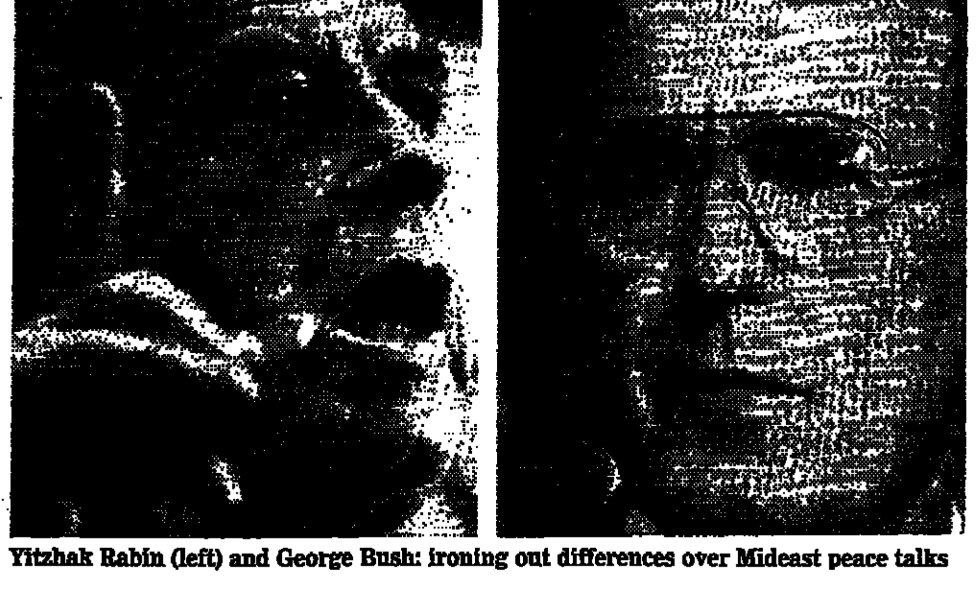
Within Israel, the government believes there is a willingness to consider compromise on the issue of land for peace. Mr Yossi Beilin, the deputy foreign minister, says the experience of last year's Gulf war, when Iraqi missiles fired from beyond the occupied territories hit Israel, is largely responsible for this shift in opinion. A further factor is the disappearance of Soviet backing for hostile Arab states in the region.

"More and more people believe the territories are not a buffer zone, but part of the problem itself," Mr Beilin says. "People understand that if we need strategic depth it has to be much more than the West Bank. We must gain it not by conquering land but by peace agreements with our neighbours."

Another aspect is the extension of diplomatic links with countries previously following Moscow's lead in isolating Israel. Russia, China, India, the eastern European nations, African countries and even the Moslem central Asian republics have established, or re-established, ties with Israel.

Mr Reuven Merhav, director general of the Foreign Ministry until a year ago, says: "We are no longer a pariah state. These countries have decided that boycotting us is not the way to solve our problems. This should help us to make better decisions also."

In this more open, less defensive approach to the world, Mr Rabin is seeking to re-tune, not reduce, links with the US.



Yitzhak Rabin (left) and George Bush: ironing out differences over Mideast peace talks

With mass immigration placing great strains on Israel's economy, the prime minister is acutely aware of the country's vulnerability to any cut in the annual $3bn aid from Washington.

The collapse of the Soviet Union removed much of the *raison d'être* of the strategic agreement, forged between Mr Shamir and President Ronald Reagan, which cast Israel as a buffer against Soviet influence in the Middle East.

Then, in the Gulf crisis, Israel seemed more of a liability than an asset to the US as Washington strove to keep Arab nations in the anti-Iraq coalition.

But Mr Beilin insists the foundation of the relationship remains secure and will be cemented if Israel can reach peace with its neighbours. "I believe the fundamental importance of Israel to the US is as the only democracy in the Middle East which has a stabilising effect in a very unstable region. I do not believe this will diminish." He cites the rise of Moslem fundamentalism as a threat against both Israel and the US.

Mr Rabin's government has also signalled its desire for closer ties with the European Community, which has long been perceived in Israel as having a pro-Arab bias.

While Mr Shamir's government tried to keep the EC out of any significant role in the peace process, Mr Rabin and Mr Shimon Peres, the foreign minister, recognise that Europe's proximity to the region gives it a legitimate interest in negotiations. They also acknowledge the economic importance to Israel of close links with the EC, which is the country's biggest trading partner.

Ultimately, Israel would like to join the European Economic Area on the same basis as the European Free Trade Association (Efta) countries.

The government is likely to allow the EC to participate in the multilateral regional talks on arms control – which Mr Shamir blocked. But in return Israel expects the EC to press Arabs to end their economic boycott of Israel and to accept its overtures in peace negotiations.

NEWS: AMERICA

Political punters buy Bush to win

Barbara Durr reports on a US market that trades shares in candidates

WANT to know what Americans really think about their presidential race this year? Have you watched the polls fluctuate wildly and wondered what is really going on?

Four professors at the University of Iowa say that you can find out – and even bet on the results – at the Iowa Political Stock Market, the only public US market that trades shares in political candidates.

The IPSM began four years ago when three professors of economy, Mr Robert Forsythe, Mr Forrest Nelson and Mr George Neumann, and one of political science, Mr Jack Wright, were griping about the inaccuracy of political polls for predicting election outcomes.

They devised the market over a weekend in March 1988 and launched it in June that year for the US presidential race.

Since then, they have run markets in eight more elections, including parliamentary races in Denmark, Germany, the Netherlands and Turkey.

Once just an experiment with students, the IPSM has grown into a fully fledged public market. And its creators believe it has proven their hypothesis that the market is a more accurate indicator of political outcomes than opinion polls – because you have to put your money where your mouth is.

For this year's presidential contest, the IPSM is operating 24 hours per day. It has some 510 traders, with a total $34,000 invested. That may not be much, but the initial deposit for a trading account is only $5 and accounts are limited to $500.

But, says one punter, Mr Steven Maravetz, a University of Iowa official: "People take it very seriously. If you had made all the right moves till now, you could have parlayed $5 into $1,000." Mr Nelson says that he expects the amount invested will at least double by election day, November 3, and that it may reach $100,000.

Since the start of the year, the IPSM has run markets in the Democratic presidential nomination, the Democratic vice-presidential nomination (both of which are now closed), and the two-party (now Bush-Clinton) race, a three way plurality contest that includes Mr Ross Perot, and a three candidate vote share.

Its latest product is a market in "presidential derivatives," or the vote shares above and below a designated percentage for President George Bush.

The entry of Mr Perot as a possible presidential contender has made for some exciting moments. After responding to a clamour to create a Perot share, the IPSM watched Perot investors get skinned when he withdrew from the race and his shares dropped from 29 cents to 4 cents. They still trade, but at a tenth of a cent.

Although the name suggests a stock market, the IPSM is closer to a futures market. Earlier this year, the IPSM won recognition from the Commodity Futures Trading Commission, the futures industry regulator, as an experimental, non-profit market. This prohibited IPSM from advertising itself or charging transaction fees and commissions. All revenues must be distributed after the presidential election on November 3.

Trading accounts can be opened with a telephone call to the university. After receiving a traders' instruction manual and making a $5 deposit, traders can log onto the computer and start buying and selling shares. Credit trading and short selling are not allowed.

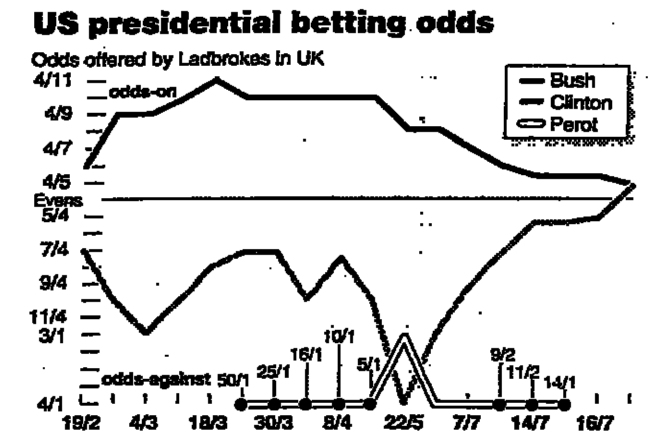
A typical first move might be to enter the two party market with a purchase of five $1 "unit portfolios" each consisting of one share of Bush and one share of Clinton. While payout formulas vary, at the close of this market the trader will receive $1 times the percentage of popular vote for each candidate share. If, for example, the election is 51 per cent Bush and 48 per cent Clinton, and a trader was holding 50 Bush and 10 Clinton, the pay-off would be $30.30, plus whatever was left over in the trader's cash account. Other formulas work on a winner takes all basis.

About 80 per cent of the traders are students and faculty at the University of Iowa and 64 other universities, but, since some publicity about the market in the spring, several professional traders also have joined in. Mr Boaz Weinstein, a trader at a top Wall Street investment bank, said he jumped into the Democratic vice-presidential market, and "did pretty well."

Mr Weinstein believes that Wall Street and other professional traders do not have that clear an advantage in the market. The students learn quickly and the market is efficient, he said. It also cannot be cornered. Mr Weinstein and other professional traders also say they think it is a better gauge of the political climate than polls.

For example, the surge in favour of Mr Clinton after the Democratic convention, did not even register in the IPSM, where Mr Bush has been the favourite since January. Mr Clinton's shares have, however, gradually improved in price to about 48 cents currently. Mr Bush's shares are running at about 52 cents.

US presidential betting odds



PRESIDENT George Bush and Mr Bill Clinton are neck-and-neck in the race for the White House, according to British bookmakers. Ladbrokes is offering odds of 4-5 (bet £5 to win £4) on both candidates.

The latest prices reflect growing support for Mr Clinton in recent months. At the end of May, he was languishing as the outsider at 4-1, with Mr Ross Perot, who subsequently withdrew, at 3-1 and Mr Bush at 1-2.

Mr Bush's odds, meanwhile, have been on the drift – in mid-March, his price was as short as 4-11.

Clifford accused of trying court ploy

By Alan Friedman in New York

MR CLARK CLIFFORD, the former US defence secretary, who was charged last month over the Bank of Credit and Commerce International scandal, has been accused by a New York prosecutor of trying to manipulate the US judicial system.

The accusation by a deputy to Mr Robert Morgenthau, the Manhattan district attorney, came in a New York court hearing that set an October 22 trial for Mr Clifford and Mr Robert Altman, his partner.

The two men were charged in New York on July 29 on charges of bribe-taking, conspiracy and a scheme to commit fraud, related to their dealings with BCCI during the 1980s.

Both were also charged in Washington of allegedly lying to federal banking regulators about their knowledge of BCCI's secret ownership of First American Bankshares, a Washington bank they ran during the 1980s.

The New York trial date is important because a Washington judge had earlier set October 26 as the date of the Washington trial of Mr Clifford and Mr Altman. That trial may now have to be postponed.

Mr John Moscow, the chief prosecutor for Mr Morgenthau's office, told a New York judge that the 85-year-old Mr Clifford and his lawyers were trying to manipulate the judicial system by seeking a Washington trial first.

Mr Moscow said yesterday the New York charges were much broader and more serious and noted that if a Washington trial went ahead first Mr Clifford might have been able to avoid facing the New York charges because of double jeopardy provisions in New York state law.

Mr Clifford's lawyers had argued for a speedy trial on the grounds of health but in court they denied Mr Moscow's claim that in doing so they were trying to manipulate the judicial system.


Moreira(left) and Collor

Brazil finance minister faces calls to quit

By Christina Lamb in Rio de Janeiro

ALL eyes in Brazil are on Mr Marcílio Marques Moreira, the economy minister, to see if he can withstand increasing pressure to relax the government austerity policy in order to win political support for beleaguered President Fernando Collor.

Mr Moreira continues to insist that he will neither quit nor abandon the government's tight monetary policy, despite pleas from Mr Collor's political allies in the Liberal Front (PFL) that money is needed for social projects to secure congressional votes to withstand an expected impeachment process against the president.

"I can open the coffers but there's nothing in them," he says.

Speculation is increasing over his possible departure as a result of mounting criticism from PFL members of the recessionary effects and lack of positive results of the economic programme.

The most serious attack came from Mr Collor's most important backer, Mr Antonio Carlos Magalhaes, the governor of Bahia and PFL leader.

"This marriage between high inflation and deep recession is not working," he said. "What brings down a minister is not a political party but constant inflation of 20 per cent. If Marcílio falls it will be because of the poor results of economic policy."

The supreme council of the powerful São Paulo Federation of Industries is also preparing to ask the government to reduce interest rates and delay the timetable of reduction of import tariffs.

But the majority of the financial community both inside and outside Brazil is highly nervous about the effects of a change in policy or the replacement of Mr Moreira, fearing this could result in hyperinflation and a collapse of the accord with the IMF.

The central bank has been intervening heavily in the market to prevent the cruzeiro falling too much against the dollar and Brazilian debt on the secondary markets has fallen to 30.6 cents.

For the time being Mr Collor is managing to contain both the PFL pleas and Mr Moreira's resistance to a change in policy. However, political pressures will mount as the congressional inquiry into corruption comes to an end on August 26, after which an impeachment process is expected to begin.

President promises to take off gloves soon

By Jurek Martin in Washington

PRESIDENT George Bush promised yesterday to "fight tough but fight fair" to retain the White House against Mr Bill Clinton, the Democratic party nominee.

He told a conservative audience in Colorado Springs that perhaps he had been "a little slow" in the campaign so far to the point that the election has seemed "a little one-sided".

Complaining that Mr Clinton, whom Mr Bush still tries not to mention by name, criticises him every five seconds, the president said the gloves would be off after the Republican convention in Houston the week after next. "I am tired of being slugged by these people," he asserted.

His pugnacity was well received, as similar performances before Catholic and veterans' organisations had been a day earlier in New York and Nevada. But in both cases he told his audiences what they wanted to hear – respectively that abortion was wrong and that there was no substitute for a strong defence.

But the wider American public still seems unimpressed. The latest national opinion poll, compiled for the Washington Post and ABC News, has Mr Bush's approval rating down to 33 per cent, a 5 point drop in a month, while an earlier Gallup poll for CNN had him at an all-time low of 29 per cent, a depth from which no incumbent president has recovered to win re-election.

Both surveys suggest Mr Clinton's lead has not narrowed since his party's convention in New York last month. This contrasts with 1988, when Mr Michael Dukakis, the Democratic candidate, lost half his 17 point post-convention edge within two weeks.

His determination notwithstanding, this has also been a difficult week for Mr Bush, first because he had to disown a savagely worded attack on Mr Clinton by his political director and, second, because of new criticisms that he was not doing enough to stop the slaughter in Bosnia.

Additionally, the Washington Post speculated yesterday that when Mr James Baker, the secretary of state, takes over the White House and the campaign later this month there will be a wholesale house cleaning of the present re-election team.

This assumes that Mr Baker will come back, on which no announcement has yet been made, and that he will bring with him his inner circle from the state department, most of whom worked on the 1988 Bush campaign.

NEWS: WORLD TRADE

Mexico awards big contract as Nafta deal nears

By Nancy Dunne in Washington

THE Mexican finance ministry has announced a $500m contract for computer services – the largest awarded in this sector – to Systemshouse, an Ottawa-based company with offices also in the US.

It is this kind of deal the US and Canadian governments are counting on to illustrate how jobs are to be created across borders by a North American Free Trade Agreement (Nafta).

Negotiations on the pact were still continuing yesterday in Washington, but the real sales jobs – to the US and Canadian publics – are yet to come. President George Bush has the additional task of convincing a Democratic Congress that not only will Nafta benefit the US economy but that it also contains sufficient safeguards for US workers and the environment.

Congress has constitutional jurisdiction over trade, but it ceded initial control to President Bush in June, 1991, when it gave him "fast-track" negotiating authority. A completed deal will set in motion a complicated procedure which, in theory, means that Congress will vote yea or nay on legislation needed to implement an agreement.

Because of widespread fear that jobs would be lost to Mexico, the president's request for fast-track authority was highly controversial. It was granted only after he made concessions and promised an adjustment package for displaced workers and the inclusion of environmental provisions.

The usual procedure for fast-track is as follows. After a pact is agreed, the president gives Congress at least 90 calendar days' notice of his intention to enter into the agreement. During that time, all relevant committees – and there are many – would hold hearings. Nafta would then be signed by the countries' three leaders and returned to Congress for 90 legislative days.

Then administration, congressional and private sector representatives would meet to write implementing legislation. This includes a formal acceptance of the pact and any legislation needed to fulfil its terms.

However, the fast-track procedure was established by rules of both houses. Key Democrats have argued that they can change those rules and will do so if the president does not produce satisfactory labour and environment provisions. This would allow them to make amendments.

Mr Richard Gephardt, the House majority leader, last week raised a ruckus, when he warned that he would write controversial provisions into the implementing legislation. (This was done in the case of the US-Canada Free Trade Agreement in 1987.) It can be assumed that no deal could get past him, but he is also known to be a willing compromiser, who starts the negotiating process with tough demands.

In any case, it is being suggested that the Bush administration will initial a Nafta deal to reap its political benefits but hold off sending it to Capitol Hill until a new Congress convenes next year.

US offers 'open skies' to European airlines at a price

THE US is offering to "open its skies" to the airlines of European countries who give essentially free access to their markets to US carriers, Paul Betts and Reuter report. The move comes as US carriers press their government for new air pacts with EC countries.

They want the administration to block the British Airways-USAir equity partnership unless Britain is prepared to concede a more favourable aviation accord. The US move coincides with the advent of the single European air transport market next January and a transatlantic fares war.

Mr Andrew Card, transportation secretary, said the "open skies" efforts, including writing an 11-point definition, were focused on Europe because it was already moving toward free flow of passengers and goods. The administration hoped other regions would soon be ready to join similar talks. More liberal air pacts "will move us closer to a truly open environment for international aviation," he said.

European carriers say they do not have the access they would like to the large US market. France and Germany are seeking to restrict US carriers which, they maintain, have an unfair advantage. The US department said "open skies" would mean: unrestricted capacity and frequency on all routes, flexibility in setting fares; liberal charter and cargo arrangements; carriers could convert earnings into hard currency and return them home with no curbs;

They could enter freely into commercial transactions related to their flight operations; open code-sharing arrangements, the right of a carrier to perform its own ground handling in the other country, and a pledge for non-discriminatory operation of and access to computer reservation systems.

Alarm over chip alliances flares again

Michiyo Nakamoto looks at fears that the US is giving Japan crucial technology

THE growing number of strategic alliances between US and Japanese semiconductor companies is again raising concern in the US that groups there are giving away crucial technology too easily to competitors.

The joint development programme for advanced memory chips, recently agreed between IBM, the world's biggest chip maker, Siemens of Germany and Toshiba of Japan, is the latest in a line of partnerships triggering alarm in press and government. Critics say links with foreign competitors give away technology developed with taxpayers' money through organisations such as Sematech, a collaborative effort to improve US chip groups' competitiveness and partly funded by the government.

The National Research Council (NRC), operating arm of the US National Academy of Sciences and the National Academy of Engineers, warns* the technology flow through strategic US-Japanese semiconductor alliances has been mainly from the US to Japan.

Such a flow, if continued over the 1990s, could erode US capacity to innovate in this industry. The council raises concerns over link-ups between small-to-medium US companies, many of them start-up entities, and big, vertically integrated Japanese corporations. Its research, based on data from Dataquest, the high-technology consultancy, shows such alliances account for some two-thirds of US-Japanese chip alliances.

The increase in these has been spurred by the rising importance of the Japanese market, which US companies needed to join. Japanese thirst for new technologies has led them to invest heavily in US chip companies, mainly start-up ones needing funds. The NRC report cites another study indicating Japanese chip investments make up about 90 per cent of all the industry's investments.

Recent developments include the high cost of investing in factories and the need for greater resources than any one company can muster to market a product quickly. Japanese companies' manufacturing capability has been a compelling factor for US chip companies which face the need to bring a product to the market quickly, as well as second-source their product. The council argues that while individual companies may benefit from alliances with Japanese ones by gaining funds and market access, these alliances may not provide the US chip industry with the stronger manufacturing infrastructure it needs.

Historically, US companies did not necessarily come out at the top end of an alliance, says Mr Howard High of Intel, the US semiconductor company which recently agreed jointly to make flash memory chips with Sharp of Japan. But "the structure of the deals and the attitude is quite different to what you used to see in the early to mid-1980s". Now Japanese companies are recognised as major players in the industry. US groups are trying to improve safeguards against one-way technology flows.

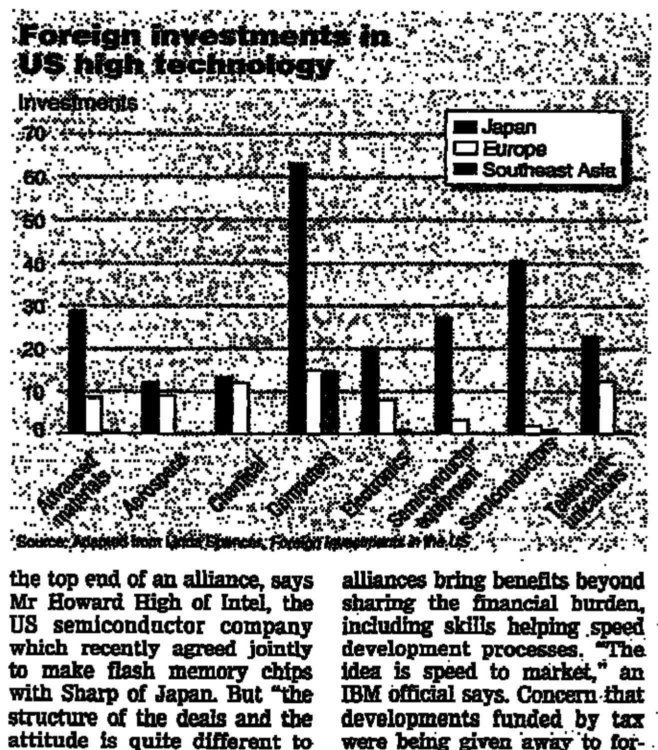
IBM, a target of concern for its development pact with Toshiba and Siemens, says its alliances bring benefits beyond sharing the financial burden, including skills helping speed development processes. "The idea is speed to market," an IBM official says. Concern that developments funded by tax were being given away to foreigners was misfounded. "Sematech focuses on manufacturing processes, where alliances focus on products." Even for big chip companies, the need to invest huge sums in manufacturing capacity and be quick to the market with new technology, means "it's a tough call," Mr High says.

Intel is a leader in flash memories, a market likely to grow. Flash is a chip retaining memory after switch-off. Intel knew it needed greater capacity to bring the product to the market quickly, as the Japanese makers were working on it too. No advanced chip plants were readily available for extra output in the US, and because setting up a new plant takes time and money, that option meant it might miss the boat.

Such are the pressures US chip groups face in trying to lead a fast-changing market. The council says that without effort to ensure foreign alliances bring benefits to the US, the possibility of the US supplying new ideas to foreigners deriving most of the value-added, "is a real concern".

Chip groups say cross-border co-operation is essential: No company, or nation, can adequately serve all markets; they must increasingly co-operate, says Mr Pat Weber, executive vice-president of Texas Instruments. Policies to keep technologies in the US are obsolete. Enabling US companies to serve global markets "is, in the end, in the US national interest."

Foreign investments in US high technology



Source: National Research Council, Dataquest

***US-Japan Strategic Alliances in the Semiconductor Industry. Technology Transfer, Competition, and Public Policy. NRC National Academy Press. Washington DC, 1992.**

Boeing wins $1.2bn order from Dallas airline

By Paul Betts, Aerospace Correspondent

BOEING of the US yesterday won a $1.2bn (£620m) order for 34 twin-engine 737-300 airliners from Southwest Airlines, the Dallas-based carrier.

Boeing is also understood to have taken the edge over the European Airbus consortium in competition to sell wide-body jets to China Southern Airlines, the Cantonese-based carrier.

The Chinese airline, which operates Boeing 737 and 757 airliners, is believed to have signed a memorandum of understanding to buy six Boeing 777 widebody jets.

The 777, Boeing's latest aircraft, has been in competition with the Airbus A330 wide-body airliner for the Chinese order.

If the deal is confirmed, Rolls-Royce, the UK aero-engine maker, appears to be in a good position to win the engine order to power the Chinese 777s.

Rolls-Royce is providing the engines for China Southern's fleet of 757s.

It would be Boeing's first sale of 777s to China. Boeing would not comment on the Chinese deal yesterday, but confirmed Southwest Airlines' intention to order 34 Boeing 737-300s.

This would bring total orders for 737s to 3,019 (more than 3,000 being a milestone in the commercial jet airliner market).

Boeing said yesterday that Southwest intended to convert 30 options it holds on 737 airliners to firm orders.

It would also place four new orders, all for delivery between 1995 and 1997.

China to allow foreign investment in transport

CHINA IS to allow foreign investment in the construction and management of roads and docks, according to the official China Daily, Reuter reports from Beijing. The aim was to speed up the modernisation of China's transport network, which was impeding overall economic development, the newspaper said.

Foreigners will now be able to enter the transport business through joint ventures with Chinese partners. "Foreign companies are expected to give the industry a tremendous push," China Daily said.

Coca-Cola expands in Romania

ROMANIA is set to have two more Coca-Cola bottling plants, following announcement of a $35m (£13m) investment from Leventis Group, a privately held Greek-Cypriot company, yesterday, Virginia Marsh reports from Bucharest.

Leventis, which runs 30 bottling plants worldwide under Coca-Cola franchise, including six in Bulgaria, plans to open factories in two regional cities, Iasi and Oradea, early next year.

A Leventis Romania official said the company will serve the Transylvanian and Moldavian regions, a market of around 10m, with Coca-Cola itself retaining Wallachia, including Bucharest.

PepsiCo, Coca-Cola's main rival, said in May it had expanded its daily output in Romania to 250,000 litres and hoped to boost it further.

ABB in Venezuelan deal

By Ian Rodger in Zurich

ABB Asea Brown Boveri, the Swedish-Swiss engineering group, said its Lummus Crest subsidiary in the US had won a $270m (£141m) turnkey contract to engineer and build a linear polyethylene plant for Petroquímica de Venezuela.

The plant will use Dupont Canada's proprietary Sclairtech technology to make a wide range of linear resin grades and have a capacity of 150,000 metric tons a year. It is set to begin commercial operation in the first quarter of 1994.

Hurd attacks opponents of Maastricht

By Ivo Dawnay, Political Correspondent

MR DOUGLAS Hurd, the foreign secretary, delivered an uncharacteristically robust attack yesterday on Britain's so-called Euro-sceptics, arguing that opponents of the Maastricht treaty offered "no convincing alternative."

His speech to local Conservatives in Cuminestown, north Scotland, acknowledged that the European Community had "caused our national hackles to rise" on occasions, but also said Britain could claim important successes in changing the course of the EC.

It was the UK's intention to conclude its six-month-long tenure of the presidency with negotiating mandates in place for the accession of Austria, Sweden and Finland, he added.

"On the single market, on the rule of law, on the principle of minimum interference, on enlargement and on keeping co-operation against crime and on foreign policy intergovernmental, it is British ideas which are carrying the day," he claimed.

Like recent remarks by Mr John Major, the prime minister, Mr Hurd took pains to point out that it was Mrs Margaret (now Lady) Thatcher who had helped to create the Single European Act – the enabling legislation for the single market which has been criticised by Euro-sceptics.

By contrast, he went on to argue that under Mr Major's leadership, provisions negotiated by the UK at Maastricht were, for the first time, decentralising Community decision-making and ensuring that EC legislation would be more rigorously enforced by the European Court.

Mr Hurd confirmed that UK government departments were scouring their portfolios for EC legislation that should be consigned to "the knacker's yard".

In the Council of Ministers, the British presidency was seeking procedures to ensure that "minimum interference" becomes the guiding principle of the Community.

In a clear swipe at his critics, the foreign secretary said Britain's plans for the EC contradicted the "neurotic drip-feed of Brussels horror stories retailed in certain quarters".

His comments appear to come as part of a concerted government campaign to "sell" its European Community policies to the Conservative party before the House of Commons reconvenes to ratify the Maastricht accord.

Water companies fear huge increase in costs

By Bronwen Maddox, Environment Correspondent

UK WATER companies may have to spend up to £60bn this decade - double the level projected when they were privatised in December 1989 - to comply with new regulations on water quality, industry executives said last night.

In the most extreme projections, if all directives were enforced, it could mean that water bills rose by over 100 per cent this decade on top of inflation, several water companies remarked, ahead of next week's report from Ofwat, the water industry watchdog.

Next Thursday Mr Ian Byatt, Ofwat's director general, in a review called The Cost of Quality, will look at how water andbills might rise in the last five years of the 1990s depending on which water quality directives are enforced.

The greatest rise in spending plans is due to the European Community directive on Urban Waste Water, now in final stages of discussion.

Implementation of EC directives on discharge of sludge at sea could add another £2bn, as could full implementation of directives on pesticides in drinking water. One of the biggest uncertainties is whether the World Health Organisation will recommend late this year that standards on the level of lead in water should be raised. Replacement of lead pipes "could easily add another few billion" one water company finance director said.

The Water Services Association, which represents the large water companies, has repeatedly argued that some of the EC directives on drinking water, which are expensive to implement, are purely "aesthetic".

Commuters queue for topless bus

LONDON Central Bus Company, one of the 10 subsidiaries of London Buses, has introduced an open-top bus to one of its prime commuter routes for the summer, writes Richard Tomkins.

The converted Routemaster, normally used for private hire, is working on the Number 12 route between Peckham Rye and Marble Arch until September 4.

It cannot carry on beyond Marble Arch into west London because of the overhanging trees on the Bayswater Road. London Central said the bus had proved so popular that people waited for it in the rain and sat upstairs with umbrellas.

The Department of Transport, meanwhile, has disclosed that the number of buses travelling into central London fell 13 per cent over the two years to last summer. Most of the decrease resulted from a fall in the number of tourist coaches.

Colin Beere

On the buses: passengers go topless on the Number 12 bus from Marble Arch to Peckham as it crosses Westminster Bridge

Institute urges new auditing regulations

HUNDREDS of thousands of small companies should be freed from the requirement to be audited, the Institute of Chartered Accountants in England and Wales said yesterday, writes Andrew Jack.

In a consultative document submitted to the Department of Trade and Industry, the institute called for an end to compulsory audits for more than 250,000 companies with turnover below £36,600, the threshold for registration for value added tax.

It said companies with turnover below £300,000 a year should also be exempt from auditing on a unanimous vote from their shareholders.

Mr Chris Swinson, chairman of the institute's financial reporting and auditing group, said many people viewed statutory auditing as "a needless and expensive burden for smaller companies".

He estimated abolishing the audit could reduce a small company's payments to its accountant by 20 to 50 per cent. There might be a case, he said, for requiring a qualified accountant to sign a "compilation report" – short of a full audit – on the preparation of the accounts.

The debate over auditing of small companies was rekindled earlier this year when Mr John Redwood, then minister for corporate affairs at the Department of Trade and Industry, indicated he was considering the case for abolition.

● Serious doubts over the effectiveness of the Cadbury report on corporate governance were raised yesterday after two of the most important bodies representing accountants questioned how far its code of conduct can be enforced.

The Institute of Chartered Accountants warned in a submission to the Cadbury committee that it had "serious misgivings" about auditors certifying that companies have followed with the code.

Separately, the Auditing Practices Board dismissed the use of auditors to check compliance with the qualitative aspects of the code as impracticable.

Travel boss files for bankruptcy

By Michael Skapinker, Leisure Industries Correspondent

MR VALERE TJOLLE, chairman of the Land Travel coach company which collapsed last month, filed for personal bankruptcy yesterday, removing any hope that creditors may recover their money.

Grant Thornton, the liquidators, are holding a creditors' meeting at a Bristol hotel today. Customers who made bookings with Land Travel have been advised to stay away as there is no prospect of receiving any payment.

Mr Tjolle attributed his bankruptcy to the Land Travel collapse, in which he lost more than £400,000, and to failed property investments made in 1988 and 1989. The property investments were funded by bank loans made on the strength of shares Mr Tjolle held in the Granada Group.

The rise in interest rates and a drop in Granada's share price had made it impossible to repay the loans, Mr Tjolle said. Granada owned Land Travel's holding company, Beau Nash Enterprises, from 1987 to 1990, when it was sold to Mr Tjolle.

Mr Robert Buller, the Grant Thornton liquidator, said: "From our appointment it was clear that liquidators were unlikely to receive any payment from Land Travel. The only real hope for creditors would have been to mount a successful claim against Mr Tjolle. Now that he has filed for personal bankruptcy, this last hope has been removed."

General Accident, underwriters of Land Travel's holiday insurance, said policies did not cover the loss of holidays through liquidation.

Shirayama takes action on County Hall

By Andrew Adonis

THE CONTROVERSY over the future of London's County Hall reached the High Court yesterday, with Shirayama, the Japanese purchaser of the Thames-side building, serving a writ to overturn the government's decision to allow the London School of Economics to bid for the site.

Shirayama is seeking judicial review of last month's instruction by Mr Michael Howard, environment secretary, to the London Residuary Body, which owns County Hall, not to proceed with the sale without his consent.

The order – made under the legislation that abolished the Greater London Council – was to allow the LSE to submit a late bid, although the government had earlier endorsed the Shirayama sale.

Having decided to allow the LSE to bid, Mr Howard was forced to issue a formal order because the residuary body had made clear its unwillingness to entertain a further bid.

The LSE last week submitted a bid of £65m for the entire County Hall site. That is less than the £60m sale price to Shirayama for the main riverside building alone, which it wishes to convert to a hotel. However, the LSE argues that national-interest considerations justify its bid.

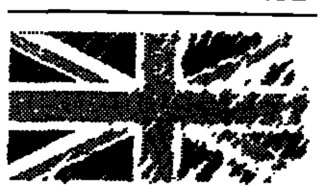
Mr Howard's action has infuriated Shirayama, which believes the government has acted in bad faith over the sale.

The Japanese company's application for judicial review argues that the order was grossly unreasonable, since the LSE's interest in the site was evident at the time of the original sale in March.

It asserts that Mr Howard's actions have placed Shirayama in "an invidious commercial position" and have "undermined" their plans for financing the project. "The uncertainty requires to be resolved urgently," it says.

An opt-out clause in the Shirayama sale contract gives the government until the end of November to withdraw from the deal, but the London Residuary Body earlier this week "strongly urged" Mr Howard to reject the LSE bid and to delete the escape clause.

Britain in brief



Courts to allow limited TV coverage

Scotland is to become the first place in the UK to allow television cameras to cover certain proceedings. Lord Hope, head of the Scottish judiciary, yesterday announced he was in favour of TV cameras covering appeal hearings.

Lord Hope said it was likely that court proceedings could be televised "without undue interference in the conduct of proceedings."

The historic decision was immediately welcomed by the Bar Council in London which said that the Scottish judiciary's decision should be emulated in England and Wales.

It was also welcomed by advocates and solicitors in Scotland, and by broadcasting organisations.

New car sales fall 8.5%

UK new car sales fell by 8.5 per cent in July ending a run of three successive months in which registrations increased modestly from last year's very depressed level.

The renewed drop in car sales was reinforced by a further decline in new commercial vehicle registrations in July, which were 20.9 per cent lower than a year ago.

New car sales in the first seven months of the year at 801,796 were 4.3 per cent lower than a year ago and 35.7 per cent lower than in the peak year of 1989 according to figures released yesterday by the Society of Motor Manufacturers and Traders.

BT plans deal with Motorola

BT and Motorola, the US communications and semiconductor group, are developing a multimedia chip set that would bring videoconferencing to desktop PCs for less than £1,000.

Users of the PC will not only be able to talk to each other but also to see each other on their PC screen, and "window swap," that is, send any data, images and video on the screen to each other down the telephone line at the same time.

The telecommunications group plans to bring out the PC, based on the chip set and an add-on card that will transform most business-use PCs to videoconferencing units in 1994. The products will be launched internationally.

Power group threatens action

Electricity and coal unions have linked up with large electricity consumers in a new lobbying group, which is threatening to take the electricity regulator, Professor Stephen Littlechild, to court.

The Coalition for Fair Electricity Regulation – Coffer – claims he is standing by while new gas-fired power stations secure contracts that will push old coal stations off the market, pushing up electricity prices and threatening hundreds of thousands of power station jobs.

Coffer has written to the regulator giving him three weeks to convince the users and unions that there is no reason for them to go to the High Court to seek judicial review of his decisions.

Verdicts in pensions case

Three men have been convicted at Birmingham Crown Court of conspiring to defraud pension funds of Aveling Barford, a Grantham, Lincolnshire, engineering company. Two others were cleared of being part of the conspiracy.

The verdicts came at the end of a four and a half month trial in which it was alleged that £6.7m had been taken from the pension funds and used as capital for Aveling Barford and the payment of commissions.

Mr Robin Chapman, who was Aveling Barford's solicitor, Mr David Carter, a financial adviser and pensions expert, and Mr Graham Severn, a former director of Mildminster, an investment adviser, were found guilty of conspiring to defraud the pension funds' trustees and beneficiaries by failing to disclose to them the true nature and value of a £5.7m investment in a Royal Heritage Life Assurance pension portfolio.

Mr Peter Murphy, a former executive director of Aveling Barford, and Mr Harold Hobson, another former director of Mildminster, were found not guilty on that charge.

Striking out: England batsman Alec Stewart skies a ball during the fifth and final test match between England and Pakistan. The England cricket team slumped to 207 all out on the first day of the five-day match at the Oval ground in south London.

Company cars under threat

The beginning of the end of the company car as a perk was forecast in a report which found growing evidence that employers are withdrawing them and offering cash instead. Many companies contemplating abandoning company cars because of diminishing tax benefits and the recession, according to the report by Incomes Data Services.

Increase in M-way services

A big increase in the number of motorway service areas will result from new arrangements for building them announced by the government.

Mr John MacGregor, transport secretary, said the private sector would take over from the government in deciding where to build the service areas, and that the minimum distance between them would be cut from 30 to 15 miles.

Strict rules, however, will prevent service areas expanding into other activities such as shopping and entertainment because the department does not wish them to become destinations in their own right.

Maxwell yacht sold

The luxury yacht from which disgraced media Tycoon Robert Maxwell fell to his death has been sold to an anonymous buyer for an undisclosed price. Lady Ghislaine, named after Maxwell's 29-year-old daughter, was for sale for £11m. It is thought the buyer paid at least £1m.

Warning on washer-driers

The Consumers' Association has called for the government to introduce a mechanism for recalling dangerous goods after an elderly widow in Sheffield died when her faulty washer-drier machine burst into flames.

About 42,000 of the faulty Candy Turbomatic washing machine, made in Italy, have been sold in the UK, of which only 6,700 have been recalled to have the fault fixed, the association claimed.

The small and the weak take the stage

Fledgling countries are starting to win medals. But over them looms China, says Peter Berlin

WHEN Piet Norval and Wayne Ferreira met Goran Ivanisevic and Goran Prpic in a tennis doubles semi-final the other day, it signalled a small piece of Olympic history.

Both pairs were already assured of medals. This meant that Norval and Ferreira were the first South Africans to win Olympic medals since boxers Daniel Bekker and William Meyers, and 400 metres runner Malcolm Spence, collected a silver and two bronzes in Rome in 1960. The two Gorans were the first ever to win Olympic medals in the name of Croatia.

After the match Ferreira said: "It is possible that by us winning South Africa's first medal our fellow countrymen will take courage and compete better.

"The nationalist element played an important role in the match. Up until now the only South African finalist has been a swimmer in the 50m free-style." (Peter Williams, who came fourth.) Xolile Yawa, 13th in the 10,000m on Monday and the first black South African in an Olympic final, seemed to have escaped his notice. But sportsmen in competition can be blinkered.

There have been many other happy returns in these Games. Erika Salumae won Estonia's first gold since the palmy days when they were a power in weightlifting and wrestling and before the Soviet Union invaded them.

After her victory in the women's cycling sprint, Salumae said happily: "It's marvellous. I think that, at the moment, they are throwing a huge party in my country. It's very exciting."

It might have been Estonia's first gold in cycling, but it was Salumae's second. She won in Seoul when representing the Soviet Union.

The Toniste brothers, Tonu and Toomas, who collected their yachting bronze medal for Estonia in gangster suits, won silver for the Soviet Union in 1988.

Frankie Fredericks' silver for Namibia in the 100m was that country's first Olympic medal ever. But then it did not exist as an independent country four years ago.

The Barcelona Games have also marked the debut of several semi-countries. Fedor Kasspu won the gold in the 75kg weightlifting in the dull green of the Unified Team. But when he stood on the podium the audience had the privilege of hearing the Olympic debut of the Moldovan national anthem.

There are 172 countries entered in these Olympics, a record. But for 1996 the Atlanta organising committee is planning to welcome 190 to the centenary Games. Atlanta calculates there will be 13 more teams from what used to be the Soviet Union, plus five countries that no one has yet thought of – Catalonia, for example.

The Barcelona Games will probably mark the only appearance of the Unified Team. They might also mark the solitary Olympic entry of Bosnia-Hercegovina and of the Independent Olympic Participants, which is Serbia and Montenegro under a five-ringed flag of convenience.

The war in the Balkans has cast a strange glow over the Olympics. Ivanisevic, never slow to take the moral and political high ground, proclaimed after one five-set victory: "Today I was tired but I think that winning a medal for my country, Croatia, gives me strength to do anything."

Mehmed Skender, the weightlifter, was in a trench in Zenica with a machine gun when he was selected for the Bosnian team. He has surrendered the hell of life in Bosnia for the hell of the Olympic Village, incapable of performing at anything like his best, unable to reach his family at home.

"We are here to show the world that we are alive and that we exist," said Mladan Talic of the Olympic Committee of Bosnia-Hercegovina.

These Games have also seen the continued spread of medals to developing countries. On Wednesday evening, Ximena Restrepo came third in the women's 400m to win Colombia's first athletics medal.

The increased number of events has also helped put unaccustomed names on the medal table. Indonesia won its first Olympic medal, a silver in archery, in Seoul. In Barcelona it has already won two golds, two silvers and a bronze, all in badminton, which is an Olympic sport for the first time.

But the biggest redistribution of medals has been to the People's Republic of China. It re-entered Olympic competition in Los Angeles in 1984 with 32 medals. It won 28 in Seoul. Its total in Barcelona is already way past that. A lot of eyes in Barcelona have focused on the gallant performances of the many small or weak nations. But over them all looms the growing power of one very big nation.

Australian goalkeeper Glenn Townsend in action against Peter Hornak of Czechoslovakia in the water polo yesterday. Right: Germany's Heike Henkel in the women's high jump qualifiers

OLYMPIC NEWS IN BRIEF

US hammer thrower faces four-year ban

American hammer thrower Jud Logan was thrown out of the Olympics after he became the first US athlete in 16 years to fail a drug test at the Games. The International Olympic Committee said earlier that Logan had tested positive for Clenbuterol, a banned anabolic-type drug.

Logan, 33, said he used Clenbuterol until last February but stopped using it when he learned it was banned.

The International Amateur Athletic Federation must decide whether to impose sanctions on Logan. IAAF rules state that athletes testing positive for anabolic steroids face an automatic four-year suspension.

The IOC has already announced that women's marathoner Madina Biktagirova of the Unified Team tested positive for the banned stimulant norephedrine. Biktagirova, 27, who finished fourth, returned home before the test result was made public. The first competitor to be disqualified was Wu Dan, a female volleyball player from China who tested positive for the stimulant strychnine.

Games bid cities' restraint

The eight cities bidding for the 2000 Olympics have promised not to wine, dine and lavish gifts on IOC members.

"The candidate cities have entered into a gentleman's agreement. We are very pleased. It gives us a chance not to appear as a bureaucratic police force," IOC secretary-general Francois Carrard said.

The cities competing for the 2000 Games are Beijing, Sydney, Manchester, Tashkent, Istanbul, Brasilia, Milan and Berlin. The IOC will meet in Monte Carlo in September 1993 to select the host city.

Sweden wins table tennis title

Sweden's Jan Ove Waldner kisses his gold medal after his crushing defeat of French world number one Jean-Philippe Gatien in the final of the men's table tennis singles.

The win by Waldner, who has won the world championship twice, gives Sweden its first gold medal. Waldner beat Gatien in three straight sets with a score of 21-10, 21-18, 25-23.

Torrence sweeps to 200m gold

Gwen Torrence of the US won the women's 200m in 21.81sec from Jamaicans Juliet Cuthbert (22.02) and Merlene Ottey (22.09). Michael Marsh of the US won the gold medal in the 200m dash in a time of 20.01 seconds. Frankie Fredericks of Namibia finished second in 20.13, with bronze going to Michael Bates of the US (20.38).

Britons John Regis and Marcus Adam came sixth and eighth respectively.

Why women got a raw deal

Nicholas Woodsworth on the weaknesses of female sportspeople

It is not dance. It is not acrobatics. Nor is it a juvenile fashion show. It is something of all three. It is women's rhythmic gymnastics, and as the crowd's applause indicated yesterday in preliminary Olympic competition, it is a delight to watch.

These are girls as young as 13, yet they have more grace that most of us will learn in a lifetime. There is also an astonishing mastery of physical skills. Some of the contestants move with lithe sensuality; others like modern jazz dancers. All have the ability to make ordinary objects and movements riveting.

I saw Celine Degrange of France transform an ordinary skipping rope into a living thing: it flew through the air with a will of its own, wound around her body like a snake, writhed and circled at her feet.

I am fascinated by female gymnasts' youthful energy and character, but their bodies are a mystery. All-female gymnastic competitions are nominally women's events, but nowhere are women to be seen. Here are girls who begin a rigorous training programme at six and reach their peak at an average age of 16. Yet even in the most difficult exercises on bars and beams, in vaulting and on the floor, their dynamism and speed often exceed that of male gymnasts in their mid-20s.

These days, top female gymnasts in their mid-20s are unheard of. In recent years women's gymnastic techniques have altered radically, coming to resemble men's much more, and the age of competitors has plummeted.

In gymnastics, it seems, the more a woman is shaped like a man the better she is at performing athletic tasks.

Could Nature, I wondered, have dealt a low hand to women in other physical skills? The answer is generally yes. Consider women's legs. They do not, like men's legs, run parallel from the hips. Instead, because women have spacious childbearing hips, their legs are set wider apart and run at a pronounced angle down towards the knees.

Consequently, most women tend to splay out their heels when they run. Not only does this make them less efficient runners, but such an articulation pushes the kneecap outwards, causing its underside to rub against the femur below – often the cause of pain and injury.

But a woman's legs are just the beginning of Nature's conspiracy to put her at a sporting disadvantage against men. Throughout the world men are on average 7 per cent taller than women. Men have wider shoulders, longer and more muscles in the back and chest, and greater strength in the thorax.

Men have longer arms than women, which gives them greater bio-mechanical leverage and greater ability to project objects at velocity in ball and racket sports.

The amount of a woman's body weight given to fat puts them at a considerable disadvantage in many sports.

Perhaps the greatest difference between men and women's sporting abilities lies in their cardio-vascular systems. Relative to their body size women have smaller hearts than men and less pumping capacity. Women carry about a litre less blood than males, and that blood has fewer oxygen-carrying red cells and less haemoglobin. Women's lungs are about 10 per cent smaller than men's. Together, differences in heart, blood and lungs make women's oxygen utilisation only 75 per cent that of men's.

The good Lord, however, has not made men's relative advantages an entirely one-sided affair. Women's bodies function in cold better because of their additional body fat. Because they sweat less they adapt better to heat and aridity. They have greater resistance to cold water and float better; eight out of the 10 fastest English channel swimmers are female.

Women also have greater physical flexibility, a better sense of balance, a higher pain threshold and greater manual dexterity.

However, generalisations are dangerous. Myths of masculine physical superiority and female weaknesses are disproved every day.

Try it for yourself. Step out on to the gymnastics floor and achieve just a fraction of the grace and finesse of those small, young people trailing satin ribbons behind them. Hats off to the man who can do it.

Dream Team may not be asked back

By Keith Wheatley

WHEN the Olympic party is winding down, one's attention turns to farewells.

Some stars have announced their retirement from Olympic competition. In other cases a glance at the calendar provides its own brutal conclusion.

Evelyn Ashford is going of her own accord. The US 100 metres runner has been among the best-loved of that country's galaxy of sprinters.

Now 35, she first competed at the 1976 Montreal Games, coming fifth in the 100m. She holds the second-fastest time ever for the distance and has broken 11 seconds 33 times.

At the Los Angeles Games Ashford won two gold medals, taking another in the 4x100m relay in Seoul. Watch for a tidal wave of emotion in the big stadium when she runs her final relay tomorrow.

Fate has been less kind to another, equally talented, female runner. Ana Quirot has had the misfortune to be Cuban in a decade when politics have been as big a factor at the Olympics as the stopwatch.

Since the early 1980s she has been winning World Cups and Pan-American titles. What Ana did not do, because of boycotts, was run in the Los Angeles or Seoul Games. Barcelona was her first Olympics, and a bronze medal was the best this fine athlete could manage.

One must wonder if Carl Lewis will thrill another Olympic stadium? He had some claim to bad luck in the sprint trials for the US team but a look at Linford Christie's gold medal in the 100m gives a clue to their joint futures.

At 32 Christie was older by four years than any previous 100m champion and his chances of repeating the triumph in four years' time, in Atlanta, must be miniscule. Lewis is just a few months younger than the British star.

Predicting the age at which swimmers need to find another pool has become risky. Money has kept mature swimmers such as US hero Matt Biondi in the water far longer than one would have predicted at Seoul, where he won seven medals, five of them gold. Biondi has won two gold medals in Barcelona. "If you've been around the block, you know how to go around the block," shrugs Biondi, 26.

British swimming stars Adrian Moorhouse and Sharron Davies have both announced their goodbyes to Olympic competition. Both have been British swimming's only instantly recognisable characters and the sport will miss their charisma.

On top of the water rather than in it, Barcelona seems certain to sound the swansong for Italy's extraordinary Abbagnale brothers. Rowing has seldom seen a duo such as Giuseppe, 33, and Carmine, 30.

In the coxed pairs they have won seven of the last nine world championships and came to Barcelona looking for their third consecutive Olympic gold medal.

Ironically, Britain's Searle brothers – Jonathan, 23, and Gregory, 20 – took the gold medal in that event. They are exactly 10 years younger than the Abbagnales.

Another, somewhat larger, ensemble we may not see again is American basketball's Dream Team. US officials are saying that the squad for the next Games may exclude National Basketball Association players. "Bird", "Magic" and "Air" have looked too much like Ugly Americans with their squabbles over sponsorship and status.

Finally, *Adios!* to a few animals. That much-loved horse Murphy Himself has raced his final cross-country event for British rider Ian Stark, who says that Murphy was the greatest horse he ever rode.

Few people have said such kind things about Cobi, the squashy little mascot used to market the Games. Atlanta's designers are working in secrecy on his successor.

MONDAY AUGUST 7 1992

Institute urges new auditing regulations

Maxwell yacht sold

Warning on washer-driers

BUSINESSES FOR SALE

ETHNIKI KEPHALEOU S.A.
ADMINISTRATION OF ASSETS AND LIABILITIES
INVITATION TO TENDER FOR THE HIGHEST BID

"ETHNIKI KEPHALEDU S.A. Administration of Assets and Liabilities" of 1, Skoulenion Street, Athens, Greece in its capacity as special Liquidator of "Viovalve S.A. - Cast Steel Thessaloniki according to the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2000/1991), appointed by virtue of the decision No 2019/1992 of Thessaloniki Court of Appeal.

INVITES TENDERS

for the highest bid with sealed binding offers for the sale, in toto of the Assets of the Company "Viovalve S.A. - Cast Steel Thessaloniki" with head office in Thessaloniki (the Company") described in detail in the OFFERING MEMORANDUM of July 1992.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

The Company was founded in 1975 with head office in Thessaloniki, and operating until the end of 1980. Then, it was declared in bankruptcy and until the end of 1986, when it was subject to the special liquidation provided by article 7 of Law 1386/1983, was involved in the industry products of water works and irrigation made from cast iron (valves, wells, e.t.c.).

The Company owns a factory which has been out of operation since 1986. Located on a 16,497 m² terrain at the 18th km of the highway of Thessaloniki-Verria, containing buildings, machinery and other equipment, furniture, ready-made products, as well as an electric power substation.

The Company also owns land of 10,312 m² in Agios Athenassios, Thessaloniki.

CONDITIONS OF TENDER

1. For this purpose, interested parties are invited to request from the liquidator the Offering Memorandum as well as the draft of a letter of Guarantee and submit a sealed binding offer to the Thessaloniki notary public responsible for the invitation to tender Mrs Mary Kolydaki-Spanou, 3 Botinou str.(3rd Floor), tel 30-31-273598 up to 1st September 1992 at 15.30 hours. The submission of the offers must be made in person or by legally appointed representative

2. The offers will be unsealed before the above mentioned notary public on 3rd September 1992 at 10.00 hours in the presence of the liquidator and all persons who have submitted offers within the prescribed time limit. Offers submitted after the prescribed time limit will not be accepted and will not be taken into account.

3. The sealed binding offers must clearly indicate the offered price for the purchase, in toto, of the Company's Assets (as it is *described in the OFFERING MEMORANDUM and the means of settlement, while the payment will not be dependent on* any terms or conditions whatsoever and must be accompanied by a 6 months due, letter of guarantee issued by a bank legally operating in Greece, amounting to thirty million(30.000.000) DRA.

   In the event that the bidder, to whom the Assets of the Company have been sold, does not abide by his obligation to appear and sign the relative sales contract within thirty (30) days from being invited to do so by the liquidator, and to carry out the obligations resulting from the present invitation, then the above mentioned guarantee of thirty million (30.000.000) DRA will be forfeited in favour of the liquidator "ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities".

   Guarantees deposited for participation in the tender will be returned to the other participants, after the adjudication of the tender, and to the highest bidder of the tender after the completion of the procedure of article 46a of Law 1892/90.

4. The highest bidder is the one, whose offer was judged by the liquidator and approved by 51% of the creditors as being in their best interests.

5. The liquidator is in no way liable and has no obligation towards participants in the tender, either with respect to his evaluation report of the offers, which he will submit to the creditors, or in regard to his proposal evaluating the highest bidder. Also, he is under no liability or obligation to those participating in the tender in the event of its cancellation or resumption, if the result is considered unfavourable by the creditors.

6. Those taking part in the tenders and submitting offers will not acquire any right or claim, deriving from the present and from their participation in the tender against the liquidator and the creditors for any reason.

7. The transfer expenses (as defined by article 46a of Law 1892/1990) will be borne by the buyer.

8. The delivery of the goods offered for sale will take place at their present location.

9. "ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" has no responsibility whatsoever for either incomplete or inaccurate description of the Assets of the Company "Viovalve S.A. Cast Steel Thessaloniki", or for any actual or legal defects.

10. For further information or for obtaining the Offering Memorandum, as well as the draft of the letter of Guarantee please apply to:

a. The head Office of
ETHNIKI KEPHALEOU S.A.
Administration of Assets
and Liabilities,
1, Skoulenion str.
10561 Athens, Greece
(Mr. George Haratsiaris)
Tel:+30-1-3231484-87
Fax: +30-1-3217905

b. The liquidator's agent Mr.
Achilles K. Pilidis
54, Tsimiski str.
(6th Floor, office No 62)
54623 Thessaloniki, Greece
tel: +30-31-281226 and
+30-31-220353

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Dunscroft,
Doncaster DN7 4LE.

NOTICE IS HEREBY GIVEN, pursuant to Section 49(2) of the Insolvency Act 1986, that a meeting of creditors of the above named companies will be held at 1 East Parade, Sheffield S1 2ET on 14 August 1992 at 12 noon for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may if it thinks fit establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

B Klempka
Joint Administrative Receiver
31 July 1992

CONTRACTS & TENDERS

ANNOUNCEMENT FROM
REPUBLIC OF TURKEY
MINISTRY OF TRANSPORT AND COMMUNICATION

The Tender for Consulting, Engineering and Supervision Services and the Construction of Double Track High Speed Railway and Rapid Train System for Ankara-Istanbul High Speed Railway and Istanbul-Bosphorus Tube Tunnel Crossing

Under the Conditions of the Undersecretariat of Treasury and Foreign Trade:

1 – Consulting, Engineering and Supervision Services,

2 – The construction of high speed railway and rapid train system,

will be separately tendered with CREDITS by the Republic of Turkey, Ministry of Transport and Communication, General Directorate of Railways, Harbours and Airports Construction.

The subject of the tender is: the Consulting, Engineering and Supervision services and the construction of the double track electrified, signalized, high standard railway which, passes through Ankara-Sincan-Cayirhan-Arifiye-Istanbul, approximately 430km long together with the Istanbul Bosphorus Tube Tunnel Crossing and Rapid Train System.

The applications: for the Consulting, Engineering and Supervision shall be for whole of the work and for railway construction and Rapid train system can be for whole or part of the work.

Since the companies will be prequalified depending on their international experiences on similar works, they had carried out, the companies shall deliver the necessary documents showing their experience on the similar work, reference lists, credit proposals, approved by the related Bank or Institution or letter of credit offer, and apply for the tender alone or as a Joint Venture, not later than 15.9.1992, Tuesday at 17.00 hours to the Ministry of Transport and Communication, General Directorate of Railways, Harbours and Airports Construction, 91, Sokak Emek–ANKARA.

MANAGEMENT

A business lunch in the French capital is a serious affair. **William Dawkins** has a word of advice on the etiquette of where you should go and what to say

Treading warily over the snails


PARIS

Lunch is an important part of doing business in Paris. But it has to be exploited with discretion. Correct business etiquette is crucial in France because social formalities are still more rigid there than in the Anglo-Saxon world, despite the liberalism which has swept French management in recent years.

So rule one is not to insult your guest by trying to use the lunch bluntly to further a contract or achieve some other kind of direct business gain, warns Marie-Helène Descamps. As *attachée de presse* for former President Valéry Giscard d'Estaing, she is an unassailable authority on do's and don'ts of the lunch table.

"There are two kinds of business lunch. The first is to build up relations, without expecting anything in return, so that things are easier when you eventually do contract some business. The second is to discuss a deal already in the making or celebrate a deal afterwards. If you want to conclude a deal, that must be done in the office," she explains.

Never bore your guest by talking about business right at the start of the meal, she warns. This might be OK in London or New York, but it will only irritate most French businessmen. A private FT straw poll of public relations advisers and English executives in Paris produces the unanimous advice that a successful business luncher must be well stocked with non-business anecdotes and subjects of conversation, which must last him for at least the hors-d'oeuvres, main course and cheese.

When preparing your opening gambits, bear in mind that Parisian business lunches cannot be hurried. Two to three hours is the average time. If you are really pressed, it is quite acceptable to refuse cheese, but you have to be sure of your host or guest if you want to turn down dessert.

Recent political events are a sure-fire conversation starter, since most French people love politics. But avoid politics when lunching with senior executives in France's large state sector. They will probably follow the government line on everything – especially when in public – so it is better to talk about wine or food in their case.

"When the cheese is out of the way, then you can start to talk business. This is the good moment because the wine will have put everyone at their ease and the dessert is on the way. Do not wait until the coffee, because your guest might be in a hurry to leave by then," says a corporate public relations adviser.

The idea is encapsulated in the colloquial French expression for a judiciously chosen moment: "*entre la poire et le fromage*". This is a bit confusing because cheese actually comes before dessert in France, but still, the principle is clear.

In addition, Descamps advises that it can be a good thing for a male host to be accompanied by an intelligent and presentable female public relations adviser. This is not an absolute rule, but it is common practice, as shown by the large number of young women in the Parisian PR industry. "A woman can be useful because she can get away with putting things in a more direct manner than a man," says Descamps. Where to eat, of course, depends on who you are entertaining. The key rule is that style matters more than money.

If your guest is French, he will be agreeably flattered if you take him somewhere considered *branché* or "in". Try Fouquets (pronounced as in English) or Chez Edgard. These are both well-known watering holes for politicians and the better sort of media folk, which might suggest to your guest you are well-connected.

A non-French executive foreigner will obviously recognise none of the famous French faces round these tables, so do not bother. He or she would feel more flattered at one of the big names of the Parisian restaurant business, like Lucas Carton, Taillevent or the Tour d'Argent. Many Parisian business folk think places like this are a touch ostentatious, though they would be too polite or too pleased with the sublime food they serve to say so.

An alternative for foreign guests is one of those glittery places frequented by film stars and models, who they will admire even though they do not know their names, around the Avenue Montaigne. In this class, Plaza Athénée or the Bar des Théâtres – open from 6am to 2am – are recommended.

If you are already friendly with your French business contact, you might do well to take him slightly off the beaten track, a sign that you think he matters enough to justify a spot of personal effort.

In the summer, you might try one of the very few good restaurants with quiet terraces or gardens, such as Récamier, Ledoyen or Laurent. Equally, you could produce a gem of a bistro that you might have discovered yourself, the sort of place noted in the back of many globe-trotting executives' diaries, ideally with a limited but superb menu and an authentic atmosphere. Descamps's personal favourite in this class is La Marlotte.

Mine is Café La Jatte, where a life-size dinosaur skeleton hovers over hot house plants and an excitingly eclectic menu – but it is slightly out of town. Back in the city centre, *branché* Parisians like smart Italian food, stylishly available at Stresa.

Details of most of these restaurants are in the Michelin guide to France, except for Bar des Théâtres, Café La Jatte, and Chez Edgar which can be found in the Paris yellow pages.

A word of warning: some are closed in August, when many Parisians take a month off and when business on and off the table grinds to a halt.

Le menu

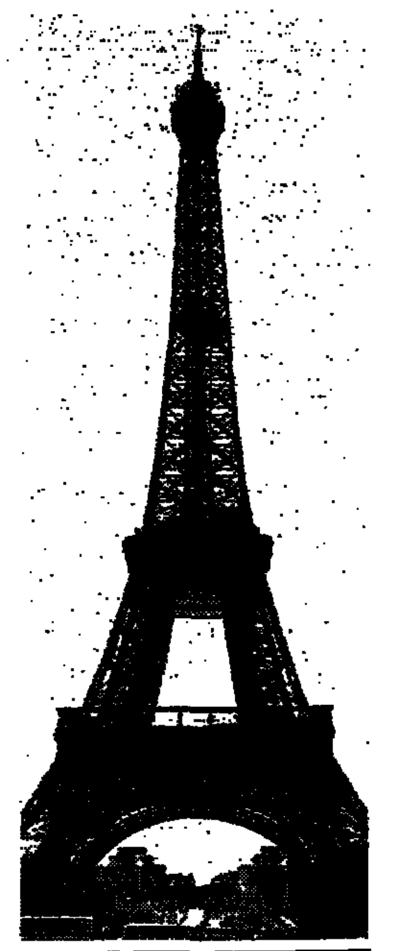
Terrine de Coquilles Saint-Jacques au beurre de Basilic

Tournedos Périgourdin Haricots Verts Frais

Plateau de Fromages Affinés

Aumonière de crêpes au Coulis d'Abricot

Café



TRAINING ON TRIAL

Experience counts as trainees go back to basics

Sarah Hegarty reports on a pioneering approach to gaining National Vocational Qualifications

Until he was made redundant last November, John fitted radios into Jaguar cars at one of the luxury carmaker's Coventry plants. Now he is back at Jaguar again – this time as a trainee. John, 45, is one of more than 30 engineering trainees on the Jaguar project, a joint venture between the carmaker, Coventry and Warwickshire Tec and the local chamber of commerce.

The idea came up at the end of last year after falling sales had forced Jaguar to make one-third of its 12,000 workforce redundant and suspend its annual intake of trainees.

That left the company's training workshops empty – and expensive machinery gathering dust awaiting an economic upturn.

"We were committed to the training centre and wanted to keep the facilities open and operating," says Mike Kinski, personnel director.

The local Tec suggested a training partnership to use the empty space, and with training provided by the Coventry Chamber of Commerce, the Jaguar project officially opened at the end of April.

It is running two courses, leading to National Vocational Qualifications (NVQs) in business administration and engineering manufacturing.

To recruit trainees, the company wrote to 1,400 of the workers laid off at the end of last year, telling them about the training facilities and the chance to study for NVQs. It says that 193 responded, of whom 73 opted for the courses after initial counselling. There are currently 20 on the business administration course and 34 on the engineering course.

Trainees are also referred to the project by the local employment service, and local miners laid off by British Coal have signed up to learn engineering skills. John Fitzpatrick, training manager and also a former Jaguar employee, now runs the project for the chamber of commerce.

He says that at first it was difficult to get trainees on to the engineering course. "Some of them have been made redundant three or four times – they're getting a bit cynical."

In the computer room, John is finding the word processing program very different from his previous experience fitting car radios. "At first I wondered what I was doing here. It was so different and seemed really hard. But now I'm starting to get used to it."

Although he admits to feeling confused at present, he would like to "get into something using computers".

In one of the engineering workshops, Bernard, 50, is learning how to program machine tools using a computer. A skilled engineer, he was made redundant from a local company at the end of last year.

Before starting the course in April, he had applied for 40 jobs – only to be told he was too old. "I heard about this from a friend who has done it. I know I'm not too old. I hope with this experience to be able to get into engineering planning work."

Fitzpatrick is adamant that the training is not billed as an automatic route to a job. "We make it quite clear from the start that we can't guarantee a job," he says.

"The whole point is equipping the trainees with skills and knowledge to make them more marketable."

Part of the project is pioneering a new approach to gaining NVQs, specifically targeted at older, experienced workers. Accreditation of Prior Learning (APL) aims to get away from traditional paper qualifications and use candidates' previous experience to prove their competence.

The Engineering Training Authority (EnTra) has just launched a national system of APL for the engineering manufacturing industry and is confident that APL gives employers and employees the means of assessing experience.

"The whole system of training is moving from being process-based to output-based – one that recognises standards achieved, not courses completed," says EnTra regional manager Ron Law.

Using APL, candidates submit a portfolio of their competence, based on course certificates, employers' letters or historical records, to qualified assessors. Depending on the result, they are awarded either the relevant NVQ or units towards it, or recommended for further training.

The notion of APL seems to be receiving a cautious welcome in the engineering industry, although there is concern that its emphasis on individual assessment and tuition may prove too demanding for many employers or colleges to provide.

Peter Swindlehurst of the Engineering Council says: "It is a viable approach, although it's much more easily done when you have a number of people from one major source going through it together. Individual institutions might find it very difficult to provide the bespoke training people need."

The various levels of competence for the engineering APL are contained in four thick blue manuals in John Fitzpatrick's office.

He concedes that the system can seem complicated, but adds: "Once people understand what APL means they will take it seriously. It gets rid of the problem for employers of taking on someone who says they can do the job – then finding they can't."

EnTra is currently testing APL with 16 Tecs around the country. It is confident that once the pilot projects have "ironed out the glitches", the guidelines for engineering, to be issued early next year, will provide a workable approach to training for the industry.

But what is in it for employees? They may have their skills documented and be able to complete NVQs more quickly, but unless the APL approach is recognised – and adopted – across the industry, going through the process is unlikely to win them better jobs – or, indeed, any job.

Jaguar, however, reports waiting lists for its courses. According to official figures, Coventry's unemployment rate is currently around 11.2 per cent.

It remains to be seen whether accrediting redundant workers' skills can really help them get another job – or whether it is just raising false hopes

THE PROPERTY MARKET

A mountain of debt

How will banks be repaid? **Vanessa Houlder** on a revealing report

It took more than three years to clear the pile of debt and unlet properties after the property crash of 1973-74. Mopping up the damage from the current property slump will take longer.

The predicament facing lenders to the industry may not be as acute as it was in the 1970s, when it triggered a crisis in the secondary banking sector. But it is more severe in several respects. The scale of the property debt mountain, the deepness of the downturn and the impact of economic policies suggest that recovery will be more drawn out than that following the 1973-74 crash.

The dilemma facing property lenders stems from the heady days between 1985 and early 1991 when loans to the property industry grew at twice the rate as for the market as a whole. Banks assumed that when their loans matured, investors would provide the funds to repay the loans.

That assumption has proved mistaken. Banks are being forced to refinance and roll over loans on a previously unimaginable scale. A report on property finance by Debenham Tewson Research* – based on interviews with 20 banks which account for more than half the outstanding property debt in the UK market – found that up to 75 per cent of some banks' loans have failed to be repaid on maturity.

The report says that investors have been reluctant to bail out the banks. "The large influx of debt into commercial property over the last five years has so radically affected the market structure that, rather than converging, the debt and equity sectors are polarising ... Current institutional preferences are focused on markets unaffected by recent bank lending, thus leaving bankers in relative isolation to resolve their problems."

If loans are paid back at their current rate – in the year to May, loans to the UK property sector fell by £2bn to £38.6bn – it will take more than six years to reduce the burden to a comfortable level – about £25bn or 8 per cent of the banks' industrial and commercial loan book.

At first sight, the investors' reluctance to come to the rescue of the banks is surprising at a time when property is widely considered to be cheap, both on a historical basis and relative to gilts.

The explanation partially lies with the investors' avoidance of the type of property held by banks. They know that the banks control a large level of supply, which could be dumped onto the market if their patience runs out. "At present there is a stand-off between the banks which control a large level of supply and are seeking to preserve values, and investors who are discounting prices because they perceive that the potential supply is so large," says Debenham Tewson.

In addition, much of the property on which banks have made loans is unlet, thus detering investors. Debenham Tewson estimates that £17bn-£18bn of the outstanding debt was for speculative development loans. The banks' tendency to crowd into the same areas of the market (central London offices) means that many of their buildings are chasing the same limited supply of tenants.

Investors' are unlikely to repeat their performance of the mid-1970s when the UK pension funds and life companies bought property enthusiastically. Take-up has, however, increased, with a growth in institutional net purchases from a little less than £600m in 1990 to £2bn in 1991.

But this trend may not continue in the face of static institutional cash flow, competition from gilts and a decline in institutional commitment to property.

Overseas investors will be an increasingly important source of funds. Their investment of more than £1.5bn during 1991 was barely half the totals for 1989 and 1990, but it was from a wider variety of sources and promises to be more sustained.

The UK corporate sector is another potentially important source of funds. However this is likely to be limited by the overgeared state of most companies. The bulk of the £1.3bn raised on the stock exchange during 1991 by property companies was devoted to repairing damaged balance sheets.

Banks are unlikely to prove a useful source of liquidity. Banks are "negative" about requests to refinance existing debt held with another bank, says Debenham. "To many bankers this was a sign of a borrower whose problems had got out of control and in search of a lifeline."

The Debenham report states that banks are expecting a sizeable contraction of their property loan book, fuelled by problem loans and tightening capital adequacy requirements. Three-quarters of lenders surveyed have reduced their potential funds. About a third, overwhelmingly overseas banks, are closing their property loan book. European banks, chiefly German, are widely seen as active lenders.

One aspect of the property lending problems that contrasts with that of the 1970s is the relatively small number of receiverships. This is because in the 1970s the debt was mostly held by secondary banks; this time round lending is focused on larger and more stable banks, which are unwilling to put lenders into receivership because of the potential loss of asset value.

That said, it is still not certain that syndicates of banks that made large collective loans will hold together. Some of the larger banks interviewed by Debenham feared that as patience reached its limits, syndicates would cave in.

If the consensus view of banks is correct, there will be a slow upturn. On this view, it seems likely that the resolution of their problems will be quicker than many analysts currently predict. As the economy improves, the supply of desirable property will increase. Banks are also likely to find innovative solutions to their lending problems, such as debt-for-equity swaps.

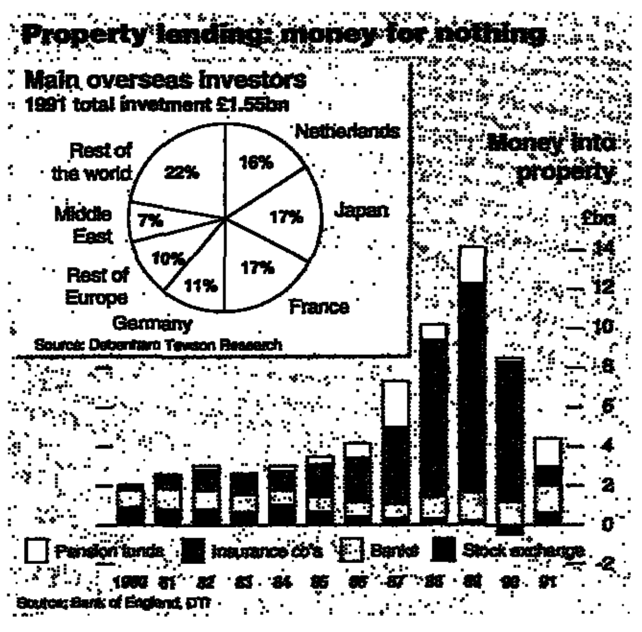
But it seems highly improbable that the problem could be resolved as rapidly as in the 1970s. High real interest rates are widening the shortfall between revenue and borrowing costs, increasing the real cost of the debt burden.

During the recovery from the 1970s crash , it was possible to borrow for as little as 13-14 per cent below inflation. This time round, interest rates are 7 per cent above inflation, one of the highest levels since the 1945.

Money into Property by Debenham Tewson Research. From Research & Information Services, Debenham Tewson & Chinnocks, 44 Brook Street, London W1A 4AG. Price £50

Banks are being forced to refinance and roll over loans on a previously unimaginable scale

Property lending: money for nothing



ENCRYPTA Electronics needs to update its stationery again. The Welsh developer of "electronic seals", devices used to ensure the security of goods in transit, has another award to add to a masthead that already lists several honours garnered over the past six years for innovation and business achievements.

The latest accolade for this small family-run business comes from the British government's Department of Trade and Industry. The Welsh Development Agency (WDA) has also sponsored Encrypta, taking a 12.5 per cent equity stake in the company.

Encrypta has been promoted by the WDA as a model for how the government agency can help to nurture high-technology start-up companies in economically depressed "development areas".

In addition to venture funding and grants, the WDA lent credibility to the fledgling enterprise and "opened doors" says Mark Hayward, who founded Encrypta with *his wife Pippa eight years ago.* Practical help was also available. Pippa Hayward recalls WDA officials helping her to locate premises for the company – although she ultimately turned down their suggestions of conventional commercial premises in favour of a Victorian mansion in rural Caerleon, near Newport, that now accommodates their business offices and a basement workshop as well as their family home.

Despite WDA "handholding" the Haywards have had to struggle with some serious setbacks over the years. The success of the fledgling enterprise, which now has an annual turnover of about £750,000 and profit margins of 10-12 per cent, is as much a tribute to their personal determination as to government sponsorship.

Indeed, the first time the Haywards approached the WDA for financial support they were turned down. "I had been involved in a frozen pizza company in the 1970s that went bust," Mark Hayward explains, noting that American venture capitalists might have viewed his failed attempt at business development more positively.

The WDA was more receptive, however, when the Haywards returned with orders for their first product from British retailers Marks & Spencer, Mothercare and Iceland Frozen Foods.

Encrypta's story began in 1984, when Mark Hayward, then a buyer for Marks & Spencer, became aware of a problem that the company faced with pilferage of goods in transit. The numbered plastic and metal strips, or "seals" used to prevent unauthorised access to the backs of lorries, were proving to be inadequate security devices.

BRITISH ENTREPRENEURS

Signed, sealed and delivered

Louise Kehoe tracks down an adventurous couple who have capitalised on a simple idea

He turned to his father, a retired electrical and mechanical engineer who had worked on deciphering German codes during the Second World War, to come up with a high-tech alternative.

The result was a simple, but seemingly effective, solution; a random number generator that is triggered every time the device is *removed from the back of the lorry.*

After patenting the device, the Haywards initially attempted to license it to established seal manufacturers. When this failed they began to consider setting up their own company. Investing a few hundred pounds they participated in a trade show in London and were overwhelmed with the response they received from retailers.

Presented with evidence that there was a market for their prototype product, they set about finding designers and manufacturing contractors. Still, leaving "a good job with a nice salary and a company car" was a wrench for Mark Hayward.

Almost immediately, disaster struck. The first production units of the electronic seal began to fail. While struggling to find the cause of the problem, Mark Hayward assured customers that Encrypta would replace the units.

"That was when we learned about testing," says Pippa Hayward ruefully. It was at this point that the Haywards turned to the WDA for equity funding. With £100,000 in the bank they set about redesigning the product and replacing failed units. "We didn't lose any customers," Mark Hayward boasts. "Customer relations are a key issue in our business," Pippa Hayward interjects. "We pride ourselves in keeping close to our customers."

Even so, Encrypta's credibility was sorely tested when only a few months later the redesigned products began to fail. "It was depressing. We were getting failed units arriving here at the rate of 20-30 per week," they recall. "And this was after we had done all the testing."

Mark and Pippa Hayward: 'We're not in this to build a nice little business'

The problem turned out to be battery failure, initially denied by Encrypta's supplier. After threatening to sue, Encrypta won an out-of-court settlement that paid for replacements.

After eight years in business, Encrypta now has four products including a version of its Crypta electronic seal that stores data on the last 50 times that a vehicle's cargo hold has been opened. This can be downloaded on to a portable computer, providing fleet management information as well as a data trail that has been used to catch more than one thief.

Some 40 per cent of Encrypta's sales are outside the UK, in the US, Europe and the Far East. To date, Encrypta has no competitors, although the Haywards suspect that other companies will enter the field as the potential scope of the market for electronic seals emerges. Although they are coy about details, the couple is currently in the final stages of testing a new product for applications outside the transport field.

"We are going to step on some toes and steal markets," says Pippa. Uppermost in the Haywards' minds today, however, is the dilemma that faces many small businesses; whether to seek additional financing to expand their business.

To do so would necessitate a move to larger premises and the end of their cozy "work at home" arrangement. They would also be faced with management challenges and the need to take on more staff and are pondering whether to set up their own manufacturing operation, rather than sub-contracting production as they currently do.

The Haywards' ambition is to build Encrypta into a £5m company with annual profits of around £1.5m over the next two or three years, but they face some resistance from board members, they acknowledge.

"The question is how do we take this forward," says Mark Hayward. Turning again to the WDA for financial support, the Haywards have brought in business consultants to undertake a review of their operations and prospects.

"We are hoping something radical will come out of it," says Mark Hayward. Although they are being careful not to "direct" the consultants, they hope that the analysis will result in a plan for expansion.

This may mean selling equity to venture capitalists, and might even involve the appointment of more seasoned management, or in the long term the sale of the company, the Haywards acknowledge. "We are not in this just to build a nice little business," says Mark Hayward. "You cannot stand still."

Despite all of the efforts that the Haywards have put into Encrypta, this entrepreneurial couple claim that they would have few qualms about moving on. "We are good at kindling fires. It may take somebody else to build it up."

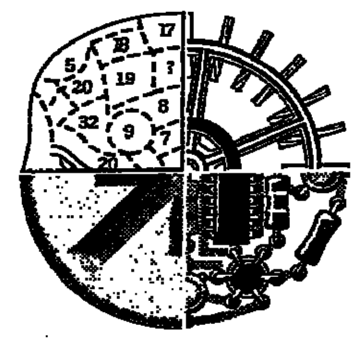
If the Haywards were to start another business venture, would they again locate in Wales? They note that they have been able to find most of the services and subcontractors needed by Encrypta in Wales and speak highly of the assistance of the WDA.

Gazing out of the window of their dining room/ boardroom, watching their horses grazing in the meadow of the four and a half acre property that surrounds their home and offices it is difficult to imagine a more idyllic work setting.

But there is one catch, the Haywards acknowledge – isolation. There are few entrepreneurs in the region with whom the Haywards can share their experiences or swap ideas. Regular trips to London help to "keep your finger on the pulse" says Mark Hayward. "And stop you going crazy," Pippa echoes.

The series will continue next week.

Worth Watching · Paul Taylor



New pages for the notebooks

Notebook computer users never stop clamouring for more power, greater flexibility, longer battery life and lower prices.

Two UK-based companies have responded to the challenge by producing PCs with special features including removable hard disks and built-in pointing devices. They will be launched at next month's UK Business Computing '92 show.

Weighing 5.5lb, the Elonex NB-425X features an Intel 25MHz 486SX upgradeable processor and a choice of four screens. Elonex claims the machines offer battery life of up to 18 hours. Prices are expected to start at around £1,000 for the mono models and £1,500 plus VAT for colour.

Meanwhile, CPW Computer Consultants claims to be first in the UK with a notebook machine built around an Intel 50Mhz 486DX2 processor and an active matrix colour display. The EPS425DX2, which weighs 6.3lbs, features a removable hard disk and built-in tracker ball slot. The colour version is expected to sell for about £3,900 and a mono version for £2,700. Elonex: UK, 081 452 4444. CPW: 071 922 8890.

Metal injection breaks the mould

Injection moulding, a process usually associated with plastic, is now being used to make small metal components. IMPAC Technologies, a subsidiary of the French Vallourec steel group, is developing a low-cost way of making complex metallic parts which are comparable in density to those produced though casting. It enables cost savings of 50 to 200 per cent over conventional machining techniques.

The process consists of mixing metal powders with a thermoplastic binder to achieve the necessary cohesion. The mix is then injected into the moulding machine where it sets. Afterwards, the binder particles are removed through thermal extraction. Finally, the component is heated in a controlled atmosphere. IMPAC Technologies: France, 4909 3969.

First to find the fault

When equipment involving electronics breaks down the most common approach is to identify the faulty circuit board and then exchange it for a good one.

But while "board-swapping" is quick, it can carry a high price tag. This led Polar Instruments to develop a low-cost maintenance tool, known as the T6000 D-I-Y electronics fault finder. It uses a technique called impedance signature comparison (a kind of "electronic finger-printing") to locate the fault.

Every electronic component responds in a particular way to electrical stimulus, so by *stimulating components on a* board and recording their response, the T6000 identifies a behaviour pattern for a "good" circuit board or component. If a fault develops the component causing the problem can be identified by measuring the new behaviour pattern and comparing it with the old. Polar Instruments: UK, 0481 53081.

Portable PCs make the bestseller list

Tired of reading paperbacks? Panasonic Business Systems, part of Japan's Matsushita consumer electronics group, has launched a portable palm-top player for books published electronically on 8cm compact discs.

Similar in size to a paperback novel, the battery- or mains-powered Panasonic KX-EBP1 player includes a keyboard, LCD screen, audio and video output and works with electronic books produced to the EB-G (text and graphics) and EB-XA (text, graphics and sound) standards. It will also play standard audio CDs.

The clamshell player, which is already available in Japan, is aimed at the business, educational and consumer markets. Panasonic: UK, 0344 853550. Matsushita Electric Industrial: Japan, 06 908 1121.

PEOPLE

Hartstone's Alan Cohen retires at 47

Hartstone, the acquisitive leather goods and hosiery company that has recently provoked some market uncertainty with its rapid growth, said yesterday that Alan Cohen, chief executive of the European leather goods division, is retiring. He is 47.

Chairman Stephen Barker, who was previously boss of Albert Fisher before turning to tights and leather, says Cohen – whose family leather goods business Symphony International was bought by Hartstone for around £10m in 1989 – wishes to take a "lower profile". Cohen has built up the European division to sales of around £40m, and had already handed over the UK side – which forms the bulk of that division at present – to Jeffrey Nash six months ago.

Barker added that Cohen's wishes suited the company's restructuring plans, according to which Trevor Brentnall, 45, chief executive of the North American leather goods operation, assumes responsibility for those products worldwide.

Brentnall, previously a partner with City solicitors Turner Kenneth Brown before he joined Hartstone in 1990, is reckoned to have done a good job in starting the integration of last year's two big US acquisitions, Michael Stevens and Etienne Aigner.

"As companies grow, so the management structure evolves," explains Barker.

Cohen, with his father, built up Symphony over a period of 20 years; he will now act as a consultant for Hartstone on the organic development of its leather goods business across continental Europe in what Barker calls "a fairly full capacity for at least a year".

Cohen is on holiday and was unavailable for comment.

The other piece in Barker's new management jigsaw is American Robert Chavez, who was president of merchandising for the East Coast division of R H Macy, the large US department store which filed for Chapter 11 bankruptcy in January. He joins as ceo of Etienne Aigner which needs more attention than the fast-growing Michael Stevens. "We have been courting him for the past six months and he has eventually decided to join us," says Barker of Chavez.

Departures

■ LEP Group confirmed the retirement of its chairman Peter Grant and of William Berkeley alongside its restructuring proposals announced this week. Philip Hampton is not standing for re-election as a non-executive director.

This leaves only three directors: David James, newly appointed chairman and chief executive; John East, finance director, who has been on the board for nearly four years; and Michael Kirkman, who joined the board last summer as human resources director.

LEP says two non-executive directors will be appointed once the restructuring is completed.

■ Geoffrey Browne has retired from SUN ALLIANCE.
■ Alan Marsh has retired from HEWETSON.
■ Mark Billing has resigned from YOUGHAL CARPETS.

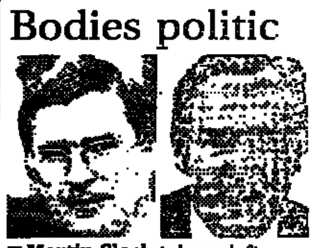
Baxter moves to NatWest

NatWest has recruited a seasoned hand to manage its newly formed life insurance subsidiary, National Westminster Life Assurance. Peter Baxter, currently head of marketing with Lloyds Abbey Life, will take charge of the new subsidiary from September 1.

Baxter will be heading a new joint venture which will be capitalised at about £150m and of which 92.5 per cent will be owned by NatWest. The products will be NatWest's own brand and cover three core areas; life assurance including mortgage-related products, pensions and long-term savings products.

NatWest, which had been the UK's largest purveyor of independent financial advice, stunned the industry last year when it announced it was forming a "tie" with Clerical Medical under which it would sell that company's products exclusively. Financial Services Act rules require those who sell financial products such as life insurance either to be independent and recommend the best of all producers' products or to sell the products of a single firm.

Bodies politic

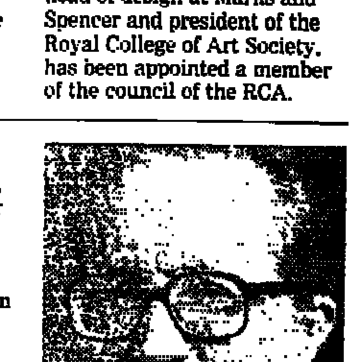


■ Martin Slack (above left), a partner of Lane, Clark and Peacock, a former chairman of the pensions sub-committee of the Association of Consulting Actuaries, and a member of the pensions joint committee of the Institute and Faculty of Actuaries, has been appointed a member of the OCCUPATIONAL PENSIONS BOARD for a three-year period from September.

□ Charles Hespin (right), md of Motorway Tyres & Accessories, has been appointed chairman of the TYRE INDUSTRY COUNCIL.

■ Brian Goodbold, executive head of design at Marks and Spencer and president of the Royal College of Art Society, has been appointed a member of the council of the RCA.

Woolwich Building Society has named Sir Gordon Borrie, the ex-director general of Fair Trading who retired in June, as a director. Sir Gordon has already become a member of the Council of the Ombudsman for Corporate Estate Agents and a trustee of the Money Advice Trust since his retirement.



Susan Homersham, a district councillor in the Vale of White Horse, Oxfordshire, also joins the board.

FT LAW REPORTS

Digest of Trinity term

Aiglon Ltd and L'Aiglon SA v Gau Shan Company Ltd (FT, June 26)

GRANTING AN application by the plaintiffs to set a side a Mareva injunction, as well as an order for disclosure of assets, which the defendant had obtained, Mr Justice Hirst stated that the litigation had arisen out of an award of the technical appeal committee of the Liverpool Cotton Association in favour of the first plaintiff, an English company and the second plaintiff, a Swiss company.

The award was against both companies and stated that the sellers "are in fact Aiglon Ltd. For the purpose of this appeal there is no real distinction between the two companies". It was submitted that by no stretch of the imagination could the appeal committee have had jurisdiction to determine whether SA were party to the sale contract, so that the award against SA on the footing that they were contractually subject to the arbitration was a nullity (Duke of Buccleuch (1870) 5 Exch Cas 231).

It was common ground that the arbitrators had exceeded their jurisdiction in deciding that SA were party to the contract. That part of their award was a nullity. There was therefore no award to enforce so far as SA were concerned, and it was no part of the court's function under section 26 to salvage it by considering the issue as to who was party to the contract.

Aiglon Ltd and another v Gau Shan & Co Ltd
Gau Shan & Co Ltd v Aiglon Ltd and others (FT, July 1)

FURTHER TO the decision of the court (as reported above), the defendant now applied to extend the Mareva and ancillary order on entirely fresh grounds, including a claim against SA under section 423 of the Insolvency Act 1986.

Section 423(2) of the 1986 Act provided that where a person entered into a transaction at an undervalue, the court might make an order "restoring the position to what it would have been if the transaction had not been entered into".

The evidence demonstrated a strong case showing that Ltd had entered into a transaction with SA offending against section 423, alleging that assets had been put out of Gau Shan's reach, apparently at an undervalue, by transfers to SA at a time when the arbitration award had been made.

Mr Justice Hirst stated that a good arguable case had been established, on the footing that there was credible evidence that SA's assets might in part be the assets of Ltd which had, as a result of the asset-stripping operation, put it out of its power to meet the arbitration award – so that an injunction against Ltd alone was likely to be inadequate to protect Gau Shan.

Those conclusions provided a firm basis for continuing the Mareva injunction, subject to the court's overriding discretion.

Securities and Investments Board v Pantell (FT, July 2)

SOLICITORS, AS third, fourth and fifth defendants appealed from a decision in which the vice-chancellor had refused to strike out a claim against them in an action by the Securities and Investments Board against Pantell SA and others.

Dismissing the appeal, on the alleged facts for the purposes of the striking-out application, the Court of Appeal stated that Pantell had distributed misleading advertisements and had carried on unauthorised investment business in the UK in contravention of the Financial Services Act 1986.

The solicitors had acted for Pantell, and the SIB had sought a remedy against them under section 6(2) of the act in that they had been knowingly concerned in the contravention by Pantell. The fact that a person "knowingly concerned" had not received anything under the transaction did not restrict the court's power to make a section 6(2) order against him, the appeal court stated.

Kirklees Borough Council v Wickes Building Supplies Ltd (FT, July 3)

SECTION 71(1) of the Shops Act 1950 provided that it was the duty of every local authority to enforce the provisions of the act "and for that purpose to institute and carry on such proceedings in respect of contraventions as may be necessary to secure observance thereof". Section 222 of the Local Government Act 1972 provided that local authorities "in the case of civil proceedings, may institute them in their own name".

In an endeavour to deter large stores from opening for Sunday trading in contravention of section 47 of the act, the local authorities had sought injunctions to restrain stores from infringing the section. The stores invoked EC law that section 47 was inconsistent with Article 30 of the European Community Treaty.

At first instance, the judge had held that he had discretion whether to require the local authority to give an undertaking in damages but decided against that requirement.

The Court of Appeal reversed his decision. In allowing the local authority's appeal to the House of Lords, Lord Goff stated that the question whether section 47 was inconsistent with article 30 had been referred to the European Court of Justice.

If the European Court should hold that section 47 was invalid as being in conflict with article 30, the UK might be obliged to make good damage caused to individuals by the breach of article 30 for which it was responsible. It did not follow, however, that the council should be obliged to give an undertaking in damages as a condition of the grant of an injunction.

Zucker and others v Tyndall Holdings plc (FT, July 8)

THE APPELLANTS had validly exercised an option to sell their shares in a three-month period due to expire on June 24 1992. In March 1992 they issued a writ for specific performance and obtained an ex parte Mareva order.

The judge at first instance concluded that the court had no jurisdiction to grant a Mareva injunction in the circumstances.

Dismissing the appellants' appeal, the Court of Appeal stated that as the law stood at present, for the purpose of a Mareva injunction, it was necessary to demonstrate that a legal or equitable right had been interfered with or invaded, or such an invasion or interference was threatened. Though interlocutory relief could be obtained in certain circumstances to protect an equitable interest even before the time for performance under a contract had arisen, on the facts of the present case it was not open to the court to grant an injunction.

The Wondrous (FT, July 9)

THE SHIPOWNERS were covered under a *loss of hire policy* for "war loss of hire and/or earnings". By clause 1.2 of the hulls clauses the insurance covered loss to the vessel caused by "seizure, arrest, restraint or consequences thereof". By clause 4.1.5, however, it excluded "arrest, restraint, detainment ... by reason of infringement of any customs or trading regulations".

The shipowners contended unsuccessfully at first instance that they could claim under the policy when the vessel was prevented from earning hire in consequence of being "detained" within the meaning of clause 1.2.

The judge had found that the immediate cause of the detention was failure to comply with local custom laws. He referred to "detention" in the conditional sense that if the vessel had tried to leave before paying port dues it would have been forcibly detained. In that sense only was it being detained.

As to the furnishing of the foreign currency guarantee by the exporter, the judge found that if the owners had been prepared to put up the foreign exchange, the port authorities would have been satisfied.

As to clause 4.1.5, the judge held that the exclusion of loss arising from restraint or detainment "by reason of infringement" of customs regulations applied. The judge said "restraint" and "detainment" had to be given a wide commercial interpretation, and in a commercial sense the vessel was detained "by reason of infringement" of customs regulations.

The Court of Appeal dismissed the owners' appeal on the grounds that the judge's reasoning could not be impeached.

Aviva Golden

On Golden Pond

THE loons, the loons! You old poop! Oh, look at *you!* Remember Katharine Hepburn and Henry Fonda in the 1981 film? Well, here is the stage original, at London's Richmond Theatre, and here are real-life husband-and-wife team Googie Withers and John McCallum. *On Golden Pond* enables two ageing actors to be relentlessly adorable all evening long – a pursuit in which they involve anyone else who passes by.

The scene is the Thayers' summer house in Maine, and out there through the windows is Golden Pond. (The name is presumably mixed from two real New England lakes – Goose Pond and Walden Pond. Julian Saxton's set catches the luminous look of the water and the architecture of such a house to perfection.) Over there in the water, the loons call; the loons mate. Meanwhile, indoors Norman Thayer is getting older and Ethel is coping gamely with his loss of memory. ("You old poop.")

He is difficult in one adorable way, and she is practical in another adorable way. Their childless, no-longer-young daughter, Chelsea, arrives ("Oh, look at *you!*"), and every stereotypical failure of communication between father and daughter pops to the surface. However, Chelsea – her parents' daughter – knows also how to be adorable. And she has at last found Mr Right, and has brought along both him and his 13-year-old kid Billy. Billy fits right in, for he too is non-stop adorable.

Norman teaches Billy to fish, Ethel picks berries, the loons keep up their bit. Chelsea marries Mr Right, Norman recovers from an angina attack, the months pass, and everything in the world of nature helps everyone in this great big lovely learning process: How To Stay Adorable Till Death Us Do Part.

On Golden Pond – in whatever version – is not the place to look for good acting. It is just a vehicle for determined loveableness, and – thanks to Christopher Renshaw's direction and the script's surefire sentimentality – everyone rides it for all it is worth. Julia Foster is charming as the daughter, though she overdoes the winsomeness. Matthew Hearne is duly sweet as Billy.

Most of the play has Norman and Ethel alone together, and these scenes are the gooiest. John McCallum is fine as Norman once he has settled into brisk speech, but otherwise he plays a distracted old dear by exaggerating one or two obvious shticks – isolating his vowels and letting them slide away like toboggans.

The best fun is to watch Googie Withers. She retains the same arched brows and mobile lips that made her famous 40 years ago. Her figure is even more Edwardian today and her voice is now a husky baritone. But, whereas she used to be dark and sultry, now she is a model of bright, no-nonsense energy. She is the person least obviously engaged in tugging the heartstrings, and her Ethel is the most nearly three-dimensional character.

Ends Saturday. Box Office 081-940-0088.

Alastair Macaulay

Theatre/Malcolm Rutherford

My Mathematics

ROSE ENGLISH brought her new show, *My Mathematics*, to London's Queen Elizabeth Hall on Wednesday, sadly for one performance only. One reason I would like to see it again almost immediately is to tell *how* far it is improvised, for surely not even the remarkable Ms English can perform the same tricks every night.

You will be inevitably misled by the title. Although there is some fanciful stuff about numbers and moving from zero to nought, Mathematics is the name of a horse. In the second act it is on stage almost throughout. Ms English achieves what Hollywood stars are advised never even to try: she acts with an animal and more or less comes out on top, though even she admits that it is sometimes touch and go.

Ms English is a brilliant tease. That is how her act works. She comes across as an educated Gipsy Rose Lee. So first one must pay tribute to the build-up. The first half is a mildly seductive introduction to the second. At the start Ms English tells how she used to be Rosita of the Circus with a huge troupe of animals and a large band. Now she has only an accordionist (discretely played by Ian Hill) at her side. She goes in for some audience participation, pantomime-style. She has the most enormous black artificial eyelashes.

The audience is invited to be kissed or lashed, then to cut the lashes. Presumably she is relying on plants scattered round the hall, but there is always the chance that someone unexpected might turn up. This is a high-risk business.

Ms English also has a habit of saying "Yes, yes", sometimes "Yes, yes, yes" and occasionally even "Yes" five times. There is the odd variant of "No, no". Irritating at first, it becomes endearing. They are, after all, strong words. When this lady says them, she obviously means them, even to horses.

Thus the first act is pleasant, with the odd bit of conjuring, but slight. Only the glimpse of Mathematics just before the interval gives a hint of what is in store. Ms English is now in leotard, bare-backed like the horse. Her eyelashes have switched to red. She still has a whip, but seems to need it less with the horse than with the accordionist. She rides, cajoles and practically makes love to the beast. At one stage on Wednesday he seemed in a distinctly and – one would guess – unpredictably randy mood. "He's been in a lot of Westerns," Ms English says, as he looks set to gallop off into the sunset.

How far this is all pre-planned is impossible to tell from one sitting. Ms English seems to have doubts herself. "Is it coercion?" she asks as the horse obeys her. "It's a difficult question, isn't it?" Then the horse suddenly starts pushing her around.

According to the programme, the real name of the horse is Goldy, owned and trained by Joan Rosaire, who appears at the final curtain. Ms Rosaire deserves a large share of the credits. It is Ms English, however, who has achieved the ultimate in strip-tease: teasing without stripping.

Rose English with Mathematics (alias Goldy) Alastair Muir

Art/Susan Moore

The landscape of imagination

OLIVIER MOURGUE is one of France's most innovative designers. He is also a maverick. In the 1960s he travelled Europe in various "ateliers mobiles" establishing a reputation as a furniture designer and producing, most memorably, futuristic sets for Stanley Kubrick's *2001: A Space Odyssey*. There followed design projects for motor-car as well as furniture manufacturers and experiments with textiles and "animated" canvases. More recently, while living in Brittany, he began to furnish the landscape of his imagination.

This is the stuff of the current exhibition, his first in Britain, at the Sainsbury Centre for Visual Arts in Norwich. Out of the long-familiar materials of watercolour or balsa wood, canvas and paint he has confected a series of Imaginary Gardens and Little Theatres – and a world of the gentlest fantasy.

Only gradually does this world come to be recreated in our mind's eye. Certainly the visitor leaves the almost impenetrable prose of Mourgue's introduction ill-prepared for the watercolours that look more like textile or wallpaper designs than preparatory drawings, and the models and constructions that fuse folklore and craft traditions, design and the theatre.

Such is the nature of exhibitions that the Little Theatres stand empty, their props neatly arranged and hermetically sealed behind glass a few feet away. The man-sized painted and slatted wood "play" furniture looks similarly bereft, uncomfortably confined and untouched in this indoor space. Mourgue's own photographs, reproduced in the catalogue, record these pieces as they should be seen and used. The kite-backed chaise-longue, for example, catches the breeze at the point where the flat, wet Brittany beach seems to merge with the expanses of sea and sky.

Photographed at low tide too is "The Bird" which is suspended above us. It is a five metre long sledge bearing a figure crowned with a bird's-nest seated behind a kite-like head of a bird. The bird's wings are imaginary sails, its long tail feathers a tiller. The watercolour shows this fantastical vehicle and its equally strange occupant gliding across what may be waves or clouds. Sea and sky seem ever interchangeable.

Kite-backed chaise-longue by Olivier Mourgue

Mourgue has described elsewhere how his silent theatre came into being as a result of constantly re-arranging the objects scattered about his studio – pebbles, driftwood, feathers, dried seaweed, children's drawings. They developed as "a sort of mime" in his watercolours and then acquired a third dimension. Just as Mourgue's imagery comes out of the Brittany landscape, his theatres and props – large or small – look most at home within it.

Regrettably, there is no film of his silent story-telling – in Brittany, New York or Helsinki – as there is of Alexander Calder operating the famous wire Circus that must have inspired him. Mourgue's theatres, like Calder's Circus, fit into a suitcase. His performances are, apparently, equally impromptu, improvised and compelling.

That is where the similarity ends. While Ringmaster Calder's stage is makeshift and his troupe of miniature performers concoctions of wire, cork and fabric strips, Mourgue's minimalist wood and canvas theatres are impeccable in their artful simplicity, each prop and character beautifully crafted. There are smooth, pebble-shaped wooden figures with jaunty acorn heads, stone houses and rocks, and a retinue of cats, birds and jumping dogs that are either carefully drawn and cut out or made from strips of torn paper.

Calder's wire performers thrilled their audiences by ingeniously replicating human movement. His wire strongman, clad in a scrap of leopardskin, raises his weight in a series of authentic jerks; the belly dancer's hips gyrate convincingly and the stretcher bearers, come to whisk away the victim of an inept knife-thrower, enter and exit with a comic trundling gait.

Mourgue offers a kind of Theatre of the Absurd. Ladies take tea or play the 'cello floating out to sea with hungry chicks clamouring in the nests made on their heads. Boats give the illusion of carrying trees, even houses. This Absurdist humour – long a characteristic of his furniture design – brings to mind the work of Sam Smith and the English automatists, which also has its roots in folk traditions, although there is none of their irony or subversive wit.

Mourgue's flights of fancy are innocent, domestic. Even his Imaginary Gardens have the qualities of samplers stitched with sacred symbols. His tall tales and enchantments are as inconsequential as dreams. Like dreams, they are compelling as long as they last and then they are instantly forgotten.

* * *

Norwich, for another week, is also host to a selection of paintings and oil sketches on loan from the Turner Bequest at the Tate. "From Turner's Studio" focuses on work that would never have been exhibited during the master's lifetime. A wide-ranging sequence of small, fresh landscapes, some painted direct from nature, canvases laid in but never completed, and all manner of preparatory sketches, atmospheric studies and impressions reveal this most inquiring of artists at his most dazzlingly experimental.

"Olivier Mourgue: Imaginary Gardens and Little Theatres" is sponsored by Worms et Cie, Association Francaise d'Action Artistique, Visiting Arts, the French Ministry of Culture and Communication, and Sir Norman Foster and Partners. It continues at the Sainsbury Centre for Visual Arts, University of East Anglia, Norwich, until August 30.

"From Turner's Studio" closes its national tour, sponsored by Digital, at The Castle Museum, Norwich, on August 16.

Ballet/Clement Crisp

La Bayadère

ALTYNAI Asylmuratova has been bringing her radiance to the last weeks of the Royal Ballet season, making her debut as MacMillan's Juliet, and, in *La Bayadère*, reasserting her absolute command over this fascinating work. *Bayadère* is about many things, implicit and explicit: about sexual passion and dance training, about religious belief and belief in an old theatrical style. It is the intoxicating beauty of Nikiya, the temple dancer heroine, which precipitates the drama, and Asylmuratova's loveliness – that of a Helen from the East – calmly, gloriously justifies the action. (When the High Brahmin removes the veil from her face at her first entrance, we understand everything that is to follow).

But *Bayadère* is also about the Petersburg, and Russian, dance-style, about the grandeur of its scale and the fullness of its emotional and physical tone. Step and gesture from Asylmuratova, and from Irek Mukhamedov, her Solor on Tuesday night, have a largeness of dimension, a sense of expanding tremendously into space and establishing great shapes that are emotional as well as actual, so that every movement is resonant. The following evening, Viviana Durante and Tetsuya Kumakawa took these same roles. Their interpretations were accomplished, technically polished, but wore a cloak of modesty – unnecessary in view of their gifts – that muted the ballet's opulent colours.

For *Bayadère* is also about its artists' belief in what they do. Asylmuratova, by education as by divine right, knows how to command the choreography. She phrases movement, varies the speed of a step, with a sensitivity that is both technical and dramatic. An extension is allowed to flower and hang on the air. A pose is held, as a singer holds a note, because of its beauty. The bewitching artifices – and rewards – of rubato are shown with rare skill, and not a little sense of her own mastery. And they give the choreography such grace that the ballet lives and holds us in its thrall – as does Asylmuratova.

Mukhamedov's Solor is the ideal foil for this Nikiya. He tells us everything of the haunted lover who is also a warrior hero: it is a superb study in Romantic theatre. And as the Chief Brahmin, Stephen Jefferies gives an interpretation worthy of the best Petersburg traditions. From his first entrance we sense the tensions and lusts that drive the character, and Jefferies turns the mimetic rodomontade of the role into truest feeling through the dignity of his every action.

In Wednesday's performance, Viviana Durante offered an eminently sure account of Nikiya. The dramatics of the role flared; the dancing was no less bright in skill and clarity. Tetsuya Kumakawa, in an unexpected debut, was making only a first sketch of Solor's emotions but his dancing was of exhilarating power. High-soaring, magnificently clean in execution, unstrained even at its most prodigious moments, it gave Solor thrilling, if temporary, life. Two other performances were exceptional: Matthew Hart's eagerly danced and acted Fakir, and Rosalyn Whitten's enchanting appearance in the *Pas d'action*, her dancing so pretty and so rich in its harmonies of torso and arms that her companions looked as if they had been lightly starched.

The Royal Ballet season continues at Covent Garden until August 8.

NY City Opera

THE New York City Opera season, from now to November, is not one the most adventurous. A promised production of *The Excursions of Mr Broucek* which would have given Janacek's fantastical comedy its American premiere, has been postponed, leaving Busoni's *Doktor Faust* as the only stiff addition to the repertory. The other new productions are of *Carmen*, and of works either on the edge towards Broadway musical (Marc Blitzstein's *Regina*) or over it (*110 in the Shade*).

Nor is there much risk in the choice of opening revivals *La Boheme*, *Cav* and *Pag*, and *La Traviata* – except in as much as this last opera is given in a shoddy, sniggering updating saved only by stylish, poised singing from Michael Rees Davis as Alfredo. (There are strong performers in the *Pagliacci* too, especially Gwynne Geyer as Nedda, flicking a steely voice with the speed, accuracy and gleam of a flayer's knife, and Sigmund Cowan as a Tonio dark-toned and true, intelligent with the words and with his watchful eyes, commanding sympathy by his entire involvement.)

110 in the Shade is unbelievably corny. First presented in 1963, it was a mild failure and sank into the limbo of college productions from which Scott Ellis, directing this City Opera staging, determines to rescue it. He got the original team of Harvey Schmidt (music), Tom Jones (lyrics) and N Richard Nash (book) together again to make a trimmed version with a couple of new songs. He also encouraged excellent support from set designer Michael Anania, who provided a selection of slatted silhouettes to suggest farm buildings rippled by heat haze, for the action takes place during a drought, at the stated temperature, somewhere in the old west.

The drought also affects the heart of the heroine, Lizzie (the pathetic fallacy, along with all other dramatic devices, is working at a pretty basic level here). The sheriff is her obvious match, but cannot be made to declare himself. Along comes a young mountebank, Billy Starbuck, who promises he can bring rain, and meanwhile takes Lizzie off for a night of passion on his lorry. This fires up the sheriff; Lizzie makes her inevitable choice; and the rains come down. City Opera's cast, led by Karen Ziemba as Lizzie, Richard Muenz as the taciturn sheriff and Brian Sutherland as the rainmaker, give it all they have and disguise any embarrassment they might feel. The rain, drenching the stage at the end, has a charming stillness that fits rather well.

Paul Griffiths

INTERNATIONAL ARTS GUIDE

A major exhibition of sacred art from Tibet opens at London's Royal Academy of Arts on Sep 18. The show, which comes from the Asian Art Museum in San Francisco and Tibet House in New York, will include 160 rare examples of Tibetan Buddhist paintings, sculptures and tapestries from the 9th century to more recent times. A third of the exhibits are on loan from the Hermitage in St Petersburg. The Dalai Lhama is patron of the exhibition, but nothing is coming from Tibet itself, apparently due to difficulties caused by Britain's delicate relations with China. The exhibition will run till Dec 13.

The major event in New York's autumn calendar is a Matisse retrospective, opening at the Museum of Modern Art on Sep 24. This will be the largest ever Matisse show in the US, and the first to include major loans from the former Soviet Union. There will be about 300 of the most important paintings, supplemented by sculptures, drawings, paper cutouts and prints.

Other exhibitions to look out for in New York are the Magritte show (recently seen in London) from Sep 9 to Nov 22 and the Ribera 400th anniversary retrospective, transferred from Madrid and Naples, opening on Sep 16. Both are at the Metropolitan Museum.

Autumn exhibitions in Paris include Picasso and Things at the Grand Palais from Sep 26 to Dec 28. Currently at Philadelphia's Museum of Art, it focuses on Picasso's still-lifes, and comprises nearly 150 paintings, constructions, collages and other works on paper.

Paris will also see the major Sisley retrospective (at the Musée d'Orsay from Nov 5) after it finishes at London's Royal Academy, together with a rich selection of Byzantine art treasures from French collections (at the Louvre from Nov 6).

Amsterdam can look forward to three events. Drawings from the Age of Bruegel (at the Rijksmuseum from Aug 29 to Nov 8) – based on the legacy of Frits Lugt, one of this century's great private collectors of European drawings – illustrates the diversity of Netherlandish drawings of the 16th century.

The Van Gogh Museum has a retrospective of the Swiss post-Impressionist Felix Vallotton (Aug 28 to Nov 1), and will also host Glasgow 1900, with drawings, watercolours and crafts by Charles Rennie Mackintosh and other artists nurtured by Glasgow's late 19th century industrial wealth (Nov 20 - Feb 7).

EXHIBITIONS GUIDE

AMSTERDAM

Stedelijk Museum The Great Utopia: the Russian Avant-Garde 1915-1932. Ends Aug 23. Also Clyfford Still: paintings 1934-74. Ends Aug 30. Daily

Van Gogh Museum Masters from the Mesdag Collection: 60 works from the Hague and Barbizon schools. Ends Aug 19. Daily

Historical Museum Distant worlds made tangible: Dutch collections 1585-1735. Ends Oct 11

BASLE

Kunstmuseum Transform: an exhibition exploring the relationship between 20th century painting and sculpture. The Kunstmuseum focuses on painter-sculptors such as Matisse, Picasso, Giacometti and Miró. The Kunsthalle has object-art installations by Beuys, LeWitt, Johns, Nauman and others. Ends Sep 27. Daily

BERLIN

Haus der Kulturen der Welt Civilisation of ancient Peru. Ends Aug 30. Closed Mon

Antikensammlung The Fame of the Pantheon: 100 engravings and etchings of Rome's great architectural monument, showing how its colossal and mystical features have fascinated and influenced artists and architects over the centuries. Ends Aug 16. Closed Fri

EDINBURGH

Scottish National Portrait Gallery Allan Ramsay (1713-84): 60 paintings and 40 drawings by the Edinburgh-born artist who studied in London, Rome and Naples, before emerging as one of the finest portrait painters of his time. Ends Sep 27. Daily

FRANKFURT

Städel Oskar Kokoschka and the Puppet: epilogue to a passion. The exhibition, consisting of paintings and drawings from collections worldwide, explores Kokoschka's preoccupation with the image of the puppet after the break-up of his relationship with Alma Mahler in 1915. The centrepiece is the collection of sketches Kokoschka made in 1918 for the Munich puppet-maker Hermine Moos. Ends Oct 18. Daily

LONDON

Tate Gallery The Painted Nude: from William Etty to Lucian Freud. The exhibition brings together 22 paintings and two sculptures by British artists, revealing a wide variety of attitudes to the depiction of the nude. Ends Dec 27. Also George Baselitz (b1938): Prints 1964-90. Ends Nov 1. Richard Hamilton retrospective. Ends Sep 6. Turner and Byron: 70 works exploring Turner's interest in Byron's poetry. Ends Sep 20. Daily

Royal Academy of Arts Alfred Sisley (1839-1899): 65 landscapes by the quintessential Impressionist. Ends Oct 18. Daily

National Gallery Manet: The Execution of Maximilian. Advance booking through First Call 071-497 9977. Ends Sep 27. Daily

Imperial War Museum Wyndham Lewis (1884-1957): Art and War. Ends Oct 11

Courtauld Institute Drawing in Bologna 1500-1600. Ends Aug 31. Daily

MADRID

Prado Ribera: a smaller and more concentrated version of the retrospective shown earlier this year in Naples. Ends Aug 16

Centro de Arte Reina Sofia Pop Art: a survey of the 1950s and 1960s movement popularised by Andy Warhol. Ends Sep 13. Also Peter Halley. Ends Aug 16. Closed Tues

MARTIGNY

Fondation Pierre Gianadda Georges Braque: 70 oils, lithographs, engravings, collages and statues, retracing the artist's progress from classicism to fauvism and the cubist adventure with Picasso. Ends Oct 25. Daily

NANCY

Musée des Beaux-Arts Art in Lorraine at the time of Jacques Callot, celebrating the 400th anniversary of the birth of the great etcher from Nancy. Ends Sep 14. Closed Tues

NEW YORK

Guggenheim Museum The Guggenheim and the art of this century. The main museum is closed on Thurs, the SoHo site on Tues. Ends Aug 27

Metropolitan Museum of Art Art of Islamic Spain. Ends Sep 27. Closed Mon

Museum of Modern Art Louis I Kahn: retrospective of the most important American architect since Frank Lloyd Wright. Ends Aug 18. Closed Wed

Whitney Museum of American Art William H Johnson and Afro-America 1938-46. Ends Oct 25. Closed Mon

NICE

Musée d'Art Moderne Dubuffet: 100 prints, paintings, sculptures and drawings, all of which were given by the artist to the Musée des Arts Décoratifs in Paris in 1967. Ends Aug 30

PARIS

Musée national des châteaux de Versailles An exhibition on the gardens of Versailles and the Trianon. Closed Mon. Ends Sep 27

Parc de Bagatelle Henry Moore: 27 large bronze sculptures. Ends Oct 4 (Bois de Bologne)

Musée Guimet From the Tagus River to the Chinese Sea: a Portuguese maritime epic. Ends Aug 31. Closed Tues (6 place d'Iéna)

Louvre Homage to Philip Pouncey. Ends Sep 7. Closed Tues

Centre Georges Pompidou Manifeste: 7000 square metres given over to a multi-faceted exhibition covering the past 30 years of creativity in visual arts, video, cinema, architecture and design. Closed Tues

ROTTERDAM

Museum Boymans-van Beuningen David Hockney: 60 prints and 20 photographs dating from 1960 to 1980, displaying his mastery of graphic techniques and his constant variations on a limited number of themes. Ends Oct 4. Closed Mon

STOCKHOLM

Moderna Museet Swedish classics: works from the period 1900-1945, drawn from the permanent collection. Ends Oct 4. Closed Mon

WASHINGTON

Arthur M Sackler Gallery Ancient Japan: an exhibition of 250 objects examining the early cultures of Japan. Ends Nov 1. Daily

National Gallery of Art Art of the American Indian Frontier. Ends Jan 24. Dürer to Diebenkorn: 114 recent graphic art acquisitions, including works by Holbein, Goya, Gainsborough and Caspar David Friedrich. Also Käthe Kollwitz (1867-1945). Ends Aug 16. Ernst Ludwig Kirchner, German expressionist painter. Ends Aug 16. Jacques Callot: etchings and engravings by the early 17th century French printmaker. Ends Sep 7. Daily

ZURICH

Kunsthaus Anselm Stalder (b1956): exhibition of paintings and sculptures by the Basle artist. Ends Sep 27. Closed Mon

Museum Rietberg Buddhist and Hindu masterworks from Sri Lankan museums: a selection of bronze statues of Buddha and Shiva are among 52 objects dating from the 6th to 12th centuries. Ends Sep 13

FINANCIAL TIMES
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Friday August 7 1992

Stalemate in South Africa

THE AFRICAN National Congress has made its point. It should now return to the negotiating table. The trial of strength on the streets has ended in stalemate. Millions of Africans stayed away from work on Monday and Tuesday, either out of political conviction or as a result of intimidation. On Wednesday exuberant supporters of the ANC were addressed by Mr Nelson Mandela in the amphitheatre near government headquarters.

President F.W. de Klerk evidently instructed his senior police officers to co-operate with the demonstration leaders, but this does not mean that further "rolling mass action" would necessarily pass without setting off a violent explosion. In any event, continued negotiation by street theatre would be self-defeating. It would further weaken the republic's economy and deter foreign investors.

It is, therefore, reasonable to expect that Mr Mandela will lead his party back into talks. That is the logical next step. The ANC has expressed its understandable anger at the killing of its people at Boipatong, allegedly by supporters of the Inkatha Freedom party. Recent reports have lent credence to charges that the lower ranks of the South African police have connived at, or taken part in, murders of ANC supporters.

The number of deaths in police custody has been shown to be suspiciously high. The assertion that Mr de Klerk is either unable or unwilling to control his security forces has become increasingly difficult for him to refute. This puts his government back under the world spotlight.

He is aware of this. South Africa has accepted 10 United Nations observers within its borders. The team is small, but its potential contribution as a facilitator of an eventual settlement is disproportionately large. Mr Cyrus Vance was instrumental in bringing about a pre-demonstration meeting between the South African government and the ANC, thus contributing to the apparently peaceful nature of this week's events and setting the scene for an early resumption of talks. Mr Vance is now expected to propose the establishment of a long-term UN presence in the republic, to monitor the progress of the national peace accord.

This should be welcomed, but its potential should not be exaggerated. Outsiders such as the UN and the British individuals sent to assist into inquiries into police behaviour can help diminish the mistrust between the ANC and the government, but they cannot solve the fundamental problem that faces the two sides.

This is that Mr Mandela's party demands majority rule while Mr de Klerk's insists on "power-sharing" as a means of protecting minorities. A deal can only be struck when the ANC recognises that it cannot have total control over South Africa handed to it on a plate and the National party accepts that in the end constitutional safeguards for minorities cannot permanently and universally thwart the will of an elected majority.

If South Africa is lucky, the perilous weeks now behind it will have served to concentrate the minds of those who must reach agreement – or face a future that a previous prime minister, Mr P. W. Botha, once described as too awful to contemplate.

Off the road

IF JACK KEROUAC had been British, he would probably have gone by bicycle. The folk hero of America's road culture would have drawn little poetic inspiration from a coast to coast drive on Britain's motorway network. Even today, more than 30 years after Kerouac's fabled journey, a "road-trip" along America's highways is exciting and up-lifting: in marked contrast to the congestion, pollution and poor services which scar the M1 from London to Leeds.

The great British public has always shown a dogged willingness to tolerate squalor. Some even claim to take a strange pleasure from a stop at a motorway service station. Maybe it is the lingering legacy of the war-time spirit that has caused decades of motorists to tolerate greasy food served by unwilling staff at inflated prices.

The quality of Britain's motorway services is a clear example of the abuse of monopoly power. Five companies currently control all 55 motorway service areas on sites owned by the government and operated under 50-year franchises. Almost never spaced less than 30 miles apart, they have had little incentive to respond to consumer needs.

Road travellers have detected some recent improvement in food quality. But last year's Which? report found dirty or shabby toilets, drab surroundings and 20-minute restaurant queues. In three cases, the report recommended motorists to drive on by.

Yet budding beatniks be ready. Mr John Major's famous intimacy with roadside Happy Eater restaurants has equipped his administration for radical measures. Yesterday's announcement that the government plans to deregulate motorways service areas suggests Britain's motorways are to enter the consumer age. The franchise system is to be dismantled and private developers will now be able to identify new sites where they see profit-making opportunities and apply for planning permission.

This change does not herald a new age of motorway fun: service stations will still be tightly controlled. A minimum 15-mile interval between services will still be maintained; and stations will not be allowed to provide activities "which are unconnected with motorists' use of the road and which would therefore lead to the site becoming a destination in its own right".

The intention of these restrictions is understandable. It is in no-one's interest to develop motorway leisure complexes on the edge of large cities which undermine urban facilities, increase traffic flow and disadvantage city-dwellers without cars. And, surprising as it may seem, Britain's motorway verges are an important natural habitat for wildlife.

Still, the government should interpret its guidelines liberally. Safety demands that long distance motorists need plenty of breaks; and there is no reason why the only available pastimes should be eating, drinking and arcade games.

Why not allow drivers to to break the trip from London to Glasgow with a freshing swim at Newport Pagnell, or from Birmingham to Carlisle with a spot of 10 pin bowling outside Warrington. As for the leisure-centre seeking tripper, there is a long overdue way to discourage short journeys: motorway tolls.

Food secrets

MRS VIRGINIA Bottomley, the health secretary, deserves some credit for publishing this week the commercial interests of her department's outside advisers on food and health policy. But the decision is scarcely the advance of open government she claims. At most, it is a modest, belated – and apparently grudging – recognition of what should be basic principles of public accountability.

The government has a clear responsibility to safeguard the public interest by setting nutritional guidelines and educating the country to accept them. But if they are to command confidence, their formulation needs to be transparent and their impartiality beyond doubt. As a minimum, advisers must be seen to be free of any possible conflict of interest.

The department's disclosure that many advisers have financial links, either personal or through research funding, with food and pharmaceuticals companies is not evidence of impropriety. But by refusing to publish the information until now, the department has fuelled suspicions that it had something to hide. Even now, these have not been wholly dispelled by the decision to slip the information out late on a holiday season afternoon and the failure to publish details of the advisers' occupations and places of work.

The most charitable explanation for such secrecy is an anachronistic belief that Whitehall knows best. If Mrs Bottomley is to demonstrate a genuine commitment to open government, she needs to go further. At the least, she should require disclosure of the sums received personally by advisers from industry and the precise services rendered.

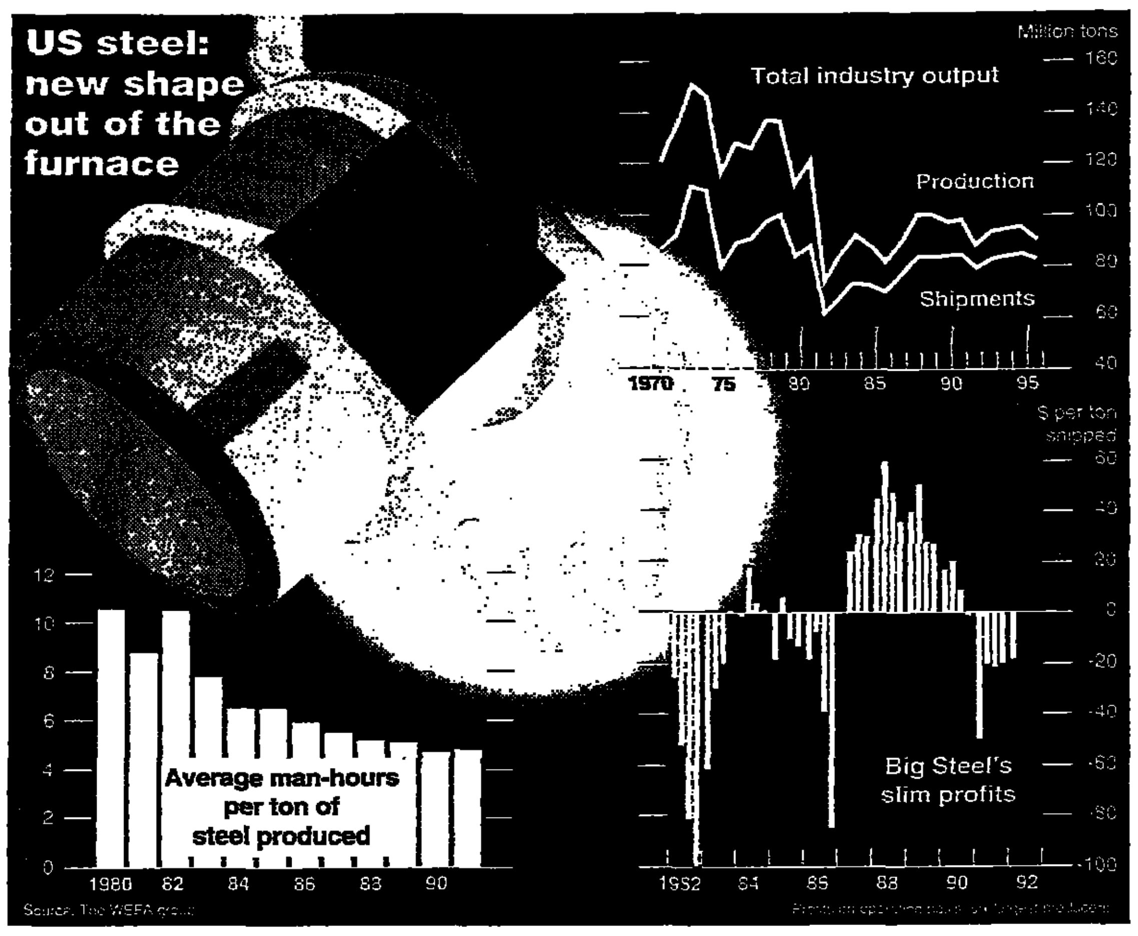
It is impossible at present to be sure whether an adviser is paid a few hundred pounds a year for the occasional odd job, or is on a lucrative retainer for work at the heart of a company's competitive strategy.

Better still, departmental advisers should waive any personal payments from companies with a vested interest in their policy recommendations, and such companies' employees should be made advisers only if they possess unique skills.

Finally, the department should disclose when, and on what topics, advisers are required to stand down from discussions to avoid conflicts of interest.

A little lesson for Big Steel

Mini-mills and imports have forced US companies to reform, says Martin Dickson



Fly south-east from Chicago and you will quickly reach one of the most imposing landmarks of 20th-century American industry – an ugly, sprawling monument to the past glory, present tribulation and future uncertainty of the big US steel companies.

There, strung out along the southernmost curve of Lake Michigan, like grotesque mechanical monsters at a watering hole, stands the most concentrated collection of steel plants in North America. The largest of them all, US Steel's Gary works, stretches for more than six miles along the shore.

This is the heartland of "Big Steel", the giant corporations which have dominated the US industry since the turn of the century. And, though you might not guess it from the lake shore's grim appearance, Big Steel has poured over $20bn (£10.4bn) into the modernisation of these and other US plants during the past decade to combat two potentially deadly threats which have battered the leviathans for more than 20 years.

One is cheap imported steel. The other is the seemingly unstoppable growth of nimble US "mini-mills", which have much lower capital demands and operating costs than the giants. This month brings two significant milestones in these battles:

● On Monday, the International Trade Commission, a US government agency, will make a preliminary judgment on Big Steel's complaints that foreign rivals, unfairly subsidised by their governments, have been dumping steel in the US market and depressing prices.

The steel companies began firing off the complaints last spring, upon the expiration of Voluntary Restraint Agreements (VRAs), in force since the early 1980s. These restricted the import of steel into the US to give the domestic industry time to modernise. However, in recent years, steel imports have actually been declining, in part because of the weak dollar.

● On Wednesday, US Steel, the biggest company in the industry, acknowledged it was considering building a mini-mill of its own. This would be the first such plant by a steel major and tacit admission that even after their radical restructuring over the past decade, the big steel companies must adapt a great deal more if they are to survive.

"They have some very formidable challenges ahead of them," says Mr Christopher Plummer, a consultant at Philadelphia-based Resource Strategies.

Still, over the past 10 years Big Steel has undergone a remarkable transformation for the better. At the start of the 1980s, after decades of neglecting technology pioneered in Europe and Japan, the American industry was one of the world's less efficient producers and in danger of being swamped by imports.

Today it is on many measures among the world's most efficient. Apart from the huge capital investment, it has benefitted from the closing of dozens of inefficient plants and a halving of the industry's workforce; the VRAs; the decline of the dollar; and capital and technical help from Japanese rivals which have got round the trade barriers by investing in joint ventures with the Americans.

Yet the large steel companies remain troubled. Virtually all of them are losing money, as they have in most of the past 10 years, and many are crippled by weak balance sheets and onerous retiree health and pension costs.

The most immediate cause of pain is the US recession, which has sharply cut American demand for steel. The effects of that have been exacerbated by a global glut of steel products, which has forced world prices down to the level of 1980 – and even lower once inflation is taken into account.

This problem is likely to recede gradually as the US and global economies emerge from recession, and American prices could get a further fillip if the industry eventually wins some form of protection through its anti-dumping actions.

But Big Steel also faces a longer-term, purely domestic threat, symbolised by a spanking new mill which lies 100 miles south of Lake Michigan, amid the red barns, silver grain silos and flat corn and soybean fields of rural Indiana.

This is the technologically innovative Crawfordsville plant of Nucor, the largest and most successful of the mini-mills which over the past three decades have come from nowhere to snatch from Big Steel much of the US market for commodity products such as bars, wire and rod. They now account for about 21 per cent of US steel consumption, compared to about 17 per cent for imports.

The mini-mills differ from the US majors in that they are non-union, niche players with extremely lean organisational structures and make steel with less capital intensive technology. Big Steel is vertically integrated, meaning that each company carries out every stage in the transformation of iron from raw ore into finished steel. The mini-mills start not with ore but scrap metal, which they simply liquefy in an electric arc furnace.

All these factors have given the minis large cost advantages in low-grade steel markets. Big Steel's response has been to retreat to the more technologically sophisticated, higher margin markets for flat-rolled products, which account for about half of US consumption.

Nucor's two-year-old plant at Crawfordsville is special because it is the first mini-mill to make flat-rolled products – albeit for the less sophisticated end of that market – and it does so with a new technology, called thin-slab casting, which sharply cuts the time and capital costs required to make sheet steel.

Just how far Big Steel has come, and the challenge from the mini-mills that still lies ahead, can be seen by comparing the reforms which have significantly improved the efficiency of US Steel's Gary works with Nucor's Crawfordsville operation.

Five years ago the quality of Gary's flat-rolled output was so poor that it was in danger of being struck off the supplier list for two of its biggest customers, Ford and General Motors. Today, it holds a string of quality awards and its productivity, at around 2.7 man hours a ton, compared to over seven a decade ago, is probably the best of any Big Steel plant.

Mr John Goodwin, the plant manager, attributes about half of this improvement to $1.2bn of capital investment, which has been used to upgrade blast furnaces and rolling mills and make all of its output continuously cast (a cost-saving production method which integrated plants were slow to adopt.)

The other half was due to a big change in the culture of the plant, with managers devolving much more responsibility to workers. "It sounds easy," says Mr Goodwin, "but it's very difficult. Our culture has always been: 'I'm the boss and you do what I say, when I say.'"

For example, a team of five workers has been assigned to customers' plants to assess problems with steel shipments and makes recommendations for improvements.

Along with other parts of US Steel, Gary has gone some way to reducing job demarcation lines, and in one of its new finishing lines it intends to have just one category of union member running the whole operation. This should lead to more efficient use of the machinery. "But it's a lot easier to accomplish at a greenfield site," says Mr Goodwin.

That is clearly evident at Crawfordsville, where the heavily sweating labourer you see standing at the base of the casting machine turns out to also be the shift manager.

Nucor's employees are extremely flexible in their work practices. This is partly because they are from overwhelmingly rural backgrounds – not for nothing is Crawfordsville in the middle of corn fields – and distrust unions. It is also because a very large element of their pay is linked to productivity, so the more flexible they are, the larger their take-home package.

The cost of employing labour at the two plants is not far apart. Gary spends about $30 for an hour's work and Crawfordsville $28. But because US Steel has the historic burden of high retiree benefits, the Gary worker only sees around $14 an hour in his pay package, compared with $20 for the Nucor employee.

Now put these labour advantages together with Nucor's relatively cheap electricity costs (thanks again to a rural, greenfield location) and the operating advantages of its new technology. The result is the lowest manufacturing costs of any US flat-rolled producer – some $50 to $75 a ton below Big Steel. Nucor claims the gap will widen as Crawfordsville matures.

"While those guys in Big Steel are wringing concessions from the labour unions, getting a morsel there and a granule here, this thing is a powerful beast that has a long way to move forward," says Mr Keith Busse, the plant manager.

Crawfordsville's 1m tons of output is small in a sector totalling 40m to 50m tons. But Nucor expects to be producing 8m tons from Crawfordsville and three clones by the turn of the century. Other mini-mills sniffing around the new technology could boost the total to 13m to 15m tons, says Mr Plummer, who adds: "There's no way that can happen without some companies being pushed out."

However, companies such as Nucor have no monopoly on new technology and US Steel's consideration of a mini-mill of its own shows how the most flexible and efficient of the Big Steel companies can fight back.

US Steel could even have a technical advantage over Nucor, since one new method of steel-making it is considering – thin strip casting – may produce higher quality steel than Nucor's thin-slab technique.

Mr Tom Usher, president of US Steel, which looked at and rejected the thin-slab method, argues that Nucor will never compete at the very top end of the flat-rolled market because its technology cannot make sufficiently fine steels – a view strongly disputed by Mr Busse.

Whatever the truth, many analysts believe that over the next 10 to 15 years the traditional distinctions between the mini-mills and integrated companies will blur as the two converge on new technologies both for smelting and casting steel, and as the Big Steel companies are driven to become nimbler niche players themselves.

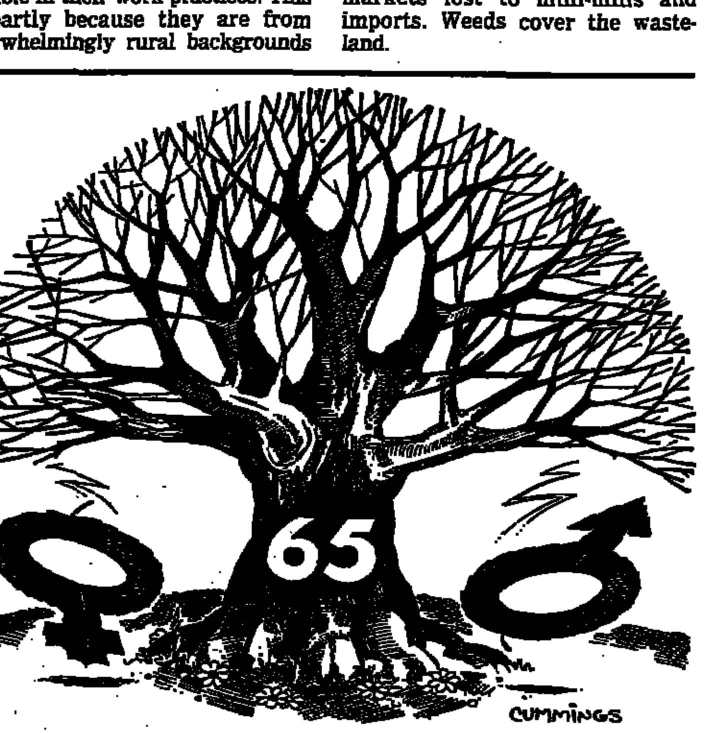
Whether US Steel and other integrated plants can beat the mini-mills at their own game will depend in large measure on management enterprise, on each company's capital resources and on its ability to get the steel workers' union to adopt more flexible labour practices. US Steel looks reasonably well-placed, but some of its weaker brethren do not.

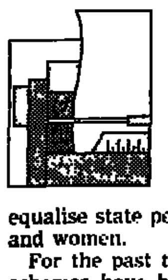
A flight over Gary provides a chilling reminder of the fate that awaits those that fail to adapt. Below, in the heart of America's mightiest steel complex, lies a large empty space, the site of razed factories that once served commodity markets lost to mini-mills and imports. Weeds cover the wasteland.

PERSONAL VIEW

The pragmatic option on pension equality

By Howard Davies





The government must soon declare its hand on one of the most important social and financial decisions any administration will face in the next generation: how to equalise state pension ages for men and women.

For the past two years, company schemes have been grappling with the need to put men and women on an equal basis, following a European Court ruling – the Barber Judgment – that occupational pensions must not discriminate between the sexes. Now it is the government's turn to decide; it is critical that it gets the answer right.

During the 1980s, the real income of pensioners rose on average by over a third – more even than the record pay increases achieved by those at work. One measure of a civilised society is how well it treats its elders, so this improvement in pensioner income is welcome.

But the increase has not benefited all pensioners evenly. Indeed, little of the rise has come from changes to the basic state pension. Much more significant has been the growing contribution from "second tier" arrangements, particularly occupational pension schemes set up and largely funded by employers.

Members of those schemes benefited from the exceptional growth of stock values and yields during the 1980s, in sharp contrast with the 1970s, when many employers with company schemes found that they had to divert resources from business revenues or reserves in order to maintain existing pensions at promised levels. But the "fat" years are now behind us. Few expect future investment performance to match the levels of the last decade.

Meanwhile, birth rates have generally fallen and people are living longer. That means the number of pensioners is going to grow much more rapidly than the working population. The cost of pension provision will quickly rise too.

Against that background, more than 80 per cent of company schemes moving to equalise pension ages for men and women since the Barber judgment have decided to do so at age 65. That is what we, and the Social Security Advisory Committee, believe the government should do. The right to a full basic pension in the state scheme should start at 65 – the current age for men – for everyone.

For everyone, the right to full basic state pension should begin at age 65 – the current age for men

Others have taken a different view, arguing for equalisation at 60 or 63. The Equal Opportunities Commission, for example, has pointed to the problem of poverty among women and the importance of the state pension in many women's incomes, in part because their shorter working careers leave them with inadequate contributions to second-tier schemes. We understand these arguments, and we accept that the issue of how women build up occupational pension entitlements needs addressing. But equalising pension ages for men at 60 would be an expensive and poorly targeted solution.

But why 65? The first reason, frankly, is cost. The cost of state pensions is now £26bn a year, some 11 per cent of total public expenditure. Employers' contributions to the National Insurance Fund are outstripping inflation as well as the rate of economic growth. The cost burden is mounting perilously.

Every leading industrialised nation faces the same fundamental problem – with an increasing proportion of elderly people in the population, how is a decent level of pensioner income to be maintained or improved? All seem to be coming to the same conclusion – the age of entitlement to a full pension must be higher rather than lower.

Germany is moving from a pension age of 63 for men and 60 for women to a unified arrangement at age 65. Italy is considering equalising at 65; so far pensions have been available at 55 for women and 60 for men. New Zealand is moving up from 60 to 65; Ireland already has an equal age of 66; Denmark has long been equalised at 67 and a move to 70 is being contemplated; and the US is the process of raising the current equal age of 65 to 67. France, in pensions as in other areas, is different; it decided to equalise at 60. But now a white paper proposes increasing the contribution period by 3½ or 4½ years – in effect, raising the age of retirement.

We acknowledge, as other countries have done, that such a change could not be introduced overnight. So it does not mean that women now in their 50s or 60s would not be able to draw their state pensions at 60. But women currently under 40, retiring beyond the year 2015, say, would begin to move on to the same footing as their male colleagues.

Looking further ahead, we should be planning for more flexible arrangements that will allow people of either sex (and their employers) to make their own decisions about when they retire, suited to their own circumstances. That kind of freedom to choose is already becoming more common in occupational schemes. In the state scheme, too, men can retire between the ages of 65 and 70 and obtain an enhanced pension, meaning they gain extra income later to compensate for the years in which they drew no pension. There is no good reason why the same approach cannot be extended to allow early retirement for all, with a reduced – but still adequate – starting pension.

Would people reject a phased move over 20 or 30 years to equal provision based on the assumption that most would choose to work until 65? It is unlikely given the evidence from other countries.

Many older people want to stay on the job. The UK Labour Force Survey has shown that almost 20 per cent of men aged 65 to 69 remained in work. More recently, a Gallup survey undertaken for the CBI showed that 25 per cent of men and women up to age 70 who had actually retired were interested in returning to work. More missed the companionship than missed the income.

Moving to a joint age of 65 would end a wartime anomaly that was mainly designed to remove women from the labour market on the premise that they should be at home when their husbands retired. That sort of thinking is out of place today. For many women it could open up the opportunity of contributing for a further five years and earning a higher pension. By creating an expectation that women would normally work on as long as men, equalisation at 65 could also help break down the so-called "glass ceiling" that many feel stops them from reaching senior positions.

Britain's pensioners are becoming better off and that is good news. But as costs escalate they – or their children still in work – will lose out in future unless equal pension treatment for women is based on current arrangements for men.

The author is director-general of the Confederation of British Industry.

Dismal first-half results from the four big clearers have raised doubts over the industry's long-term health, writes **Robert Peston**

Why British banks are singing the blues

This is the wrong decade to be a British bank clerk, just as the 1980s were not happy years for steel workers.

The banking industry is not merely in the grip of a recession, though its effects – in the form of unprecedented levels of bad debts – have been severe. The long-term outlook is also bleak.

That was the message delivered over the past week by the chairmen of the UK's big four clearing banks – Barclays, National Westminster, Lloyds and Midland – all of which have announced their first-half results. Since the recession began two years ago, the four have set more records than the British Olympic team. But these records have been the source of little pride. Never before have the banks lost so much money from lending.

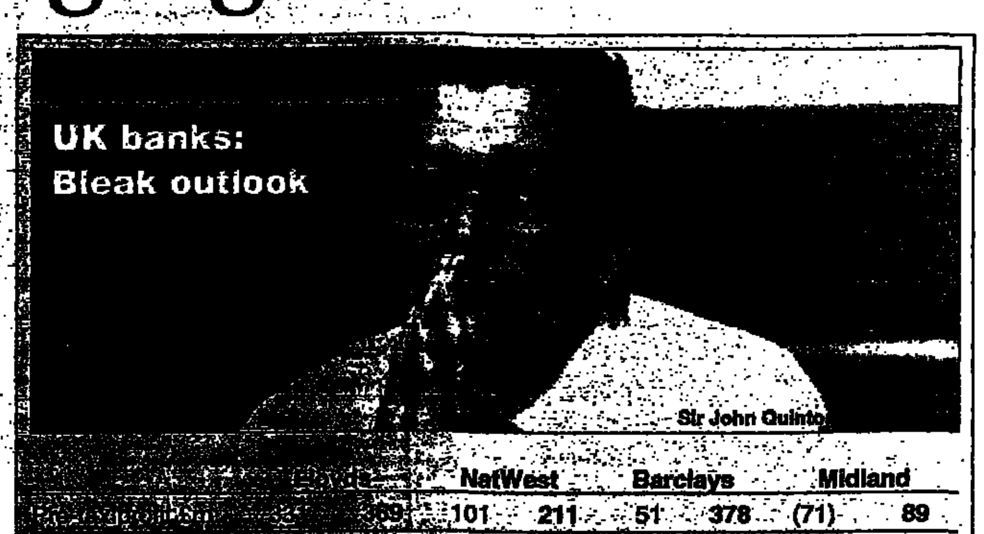
Barclays' bad debt charge of £1.07bn was the largest, in part because of the bank's excessive lending to a handful of big property companies – including Mountleigh, Olympia & York, Speyhawk and Heron – when the property market was approaching its peak at the end of the 1980s.

As a result, Barclays yesterday disclosed that it had made a £30m loss after tax in the first half. It was only the second time in Barclays' 300-year history that it disclosed a loss and the first time that such a loss stemmed from problems in its core UK operation.

The long-term prospects for growth, once the recession ends, are also poor. Sir John Quinton, Barclays chairman, is doubtful that the economy will start to recover for a year or two. Even when the recession ends, he believes that "it will be difficult to return to the levels of profit enjoyed in the late 1980s".

Some bankers and industry observers are even more pessimistic. They fear that the severity of the recession could force the banking industry close to insolvency. The thesis is that the banks have an *excessive exposure to the property market through direct lending and through commercial loans backed by property collateral.*

Unless interest rates are cut sharply, property prices may continue to fall, leaving the banks bereft of security for their loans. So if customers continue to have difficulty making loan payments, the banks could be hit by a second great wave of loan losses – and this wave could be the killer.



That, at least, is the apocalyptic scenario, and such pessimism is probably unwarranted. The Bank of England, responsible for monitoring the health of the industry, is convinced that they are strong enough to weather further knocks, a view shared by the banks.

The latest results nevertheless give credence for a modified version of the gloomy thesis, which would run as follows: banks will survive the current shocks, but an extended period of contraction in the industry has begun.

All the banks expect loan losses to continue at high levels, but their balance sheets are probably robust enough to withstand the pressure. Despite suffering unprecedented levels of bad debts over the past two years, all four of the clearers continue to have strong balance sheets by international standards.

Indeed, there has been an *improvement over the past* year in the banks' ratios of capital to assets – the main measure of balance sheet strength – except in the case of NatWest, whose ratio has held constant. There are two reasons why ratios have not been impaired. First, operating profits, excluding bad debt charges, have held up well; for NatWest and Barclays they have risen sharply. Second, there has been a reduction in lending and thus in the asset side of the ratio.

Operating profits have improved for three reasons:

● Banks have been *cutting* costs, mainly by shedding staff. Around 30,000 jobs were lost in the UK banking industry last year. In the first six months of the current year, more than 10,000 jobs have gone from the four's domestic operations.

● Most banks have been increasing their non-interest income sharply. They have been pushing up the tariffs for consumers and businesses by considerably more than the rate of *inflation*, a process euphemistically described by one banker as "realistic pricing". Only Midland, for some years the weakest of the four and recently pre-occupied by the stormy preparations for its marriage to Hongkong and Shanghai Bank, failed to derive any significant benefit from this source.

● Banks have widened the margin between what they pay *to depositors and what they* earn on loans. Yet despite this widening in the interest margin, interest income has been under pressure. In part this is because the banks have suffered a sharp rise in non-performing loans which pay no interest.

Banks are likely to survive the current shocks, but an extended period of contraction has begun

Perhaps the most important trend in the latest results is the reduction in the volume of loans outstanding on the banks' books. This has had one beneficial effect. It has meant that gross assets have fallen, thereby improving the ratio of capital to assets.

But if banks have been lending less, the opportunities for earning interest have also lessened. Some of this reduction in lending has been the banks' own choice. They have eschewed low-yielding loans and have become more averse to risk – a belated response to their imprudent lending of the past decade. Bank customers, both companies and individuals, have also been keen to reduce their borrowings.

It is the reluctance by customers to borrow which gives grounds for pessimism about banks' long-term prospects. Mr Terry Smith, head of research at UBS Phillips & Drew, the broker, says the demand for loans is likely to remain very low, even when the economy recovers. The banks generally agree.

At the same time, banks are also likely to find it increasingly difficult to increase their tariffs by more than the rate of inflation. Competition from other financial institutions should put a brake on these rises. However, if the rises continued, the government could ask UK competition authorities *to intervene.*

So if banks are going to be able to push up profits significantly, they would have to continue cutting costs and improving productivity. Since staff costs account for the bulk of overhead, this means making more employees redundant.

Mr Brian Pitman, chief executive of Lloyds, says: "We are going to go through what manufacturing industry went through a decade ago."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Strong case for forgiving debt of low-income Africa

From Ms Maria Elena Hurtado.

Sir, Mr Lawrence Summers, the chief economist at the World Bank who shot to fame when he proposed the transfer of polluting industries to the third world, has made a valiant attempt to rehabilitate himself by advocating a substantial forgiveness of the debt which is owed by low-income Africa (Personal View: "The lessons of debt", August 3).

The case for urgent debt forgiveness could not be stronger. Drought is threatening the lives of some 18m people in 10 southern African countries. The lives of another 130m are seriously at risk, according to the United Nations.

Yet, instead of building food stocks and strengthening their agricultural sector against recurrent drought, these countries have been spending their foreign exchange earnings to pay back debt.

In 1990, Zimbabwe, Malawi and Tanzania all used up more than a quarter of their foreign exchange earnings for this purpose. The situation would have been far worse were it not for the rescheduled payments and the build-up of arrears.

Tanzania, and now Zambia, have been granted Trinidad Terms of debt *relief* on 50 per cent of the debt falling due in the next years.

As Mr Summers acknowledges, much more is required.

The World Development Movement agrees with the United Nations that all of the official bilateral debt of the poorest countries in Africa must be cancelled.

But while industrial country governments, with the exception of US, are doing their tiny bit to reduce the debt burden, multilateral institutions such as the World Bank and the International Monetary Fund have failed sub-Saharan African countries.

Around 40 per cent of their *debt servicing (excluding* Nigeria) goes to multilateral institutions, and this debt cannot be rescheduled. Mr Summers can only hope to start to rebuild his tattered image if he tackles the debt haemorrhage his own institution is causing Africa.

Maria Elena Hurtado,
director,
World Development Movement,
25 Beehive Place,
London SW9

Retirement proposal bad for employment and costly long-term

From Mrs Kathryn Vessey.

Sir, I read with some concern your article, "Retirement age of 65 proposed for men and women" (August 4). This recommendation is nothing less than a cost-saving exercise and a huge betrayal of the quality of life expected by the majority of working women. The men gain no favours either when considering the substantial numbers already opting for early retirement.

I feel the Social Security Advisory Committee has based its proposals entirely on the basis of how government will find the wherewithal to fund future state pensions.

A substantial percentage of today's female workforce has been working full time, paying a full stamp, since early teens and, to boot, raising a family before returning to work in their mid- to late-20s, increasing their working day to *two* full-time jobs. Women are now living longer than men. The SSAC proposals obviously intend to reverse this trend.

On the equality issue of bringing men and women to the same retirement age, can the SSAC justify these proposals against the employment factor for our young people? The longer a mature generation stays marketable, the fewer the job opportunities for the young. Young people are needed in all sectors of the marketplace to bring fresher energies and newer ideas to Britain's future growth and development in a competitive world. Can the SSAC believe Britain will be better served by somebody approaching retirement age rather than enthusiastic and technically more highly trained young school leavers and graduates? The social issues of the unemployed youth of today will be nothing compared with those in 15 years' time.

The billions looking to be saved over future years to improve pension packages will be far outweighed by the funding required for the young unemployed by way of benefits and educational/work experience training packages. Finally, in a so-called democratic society, where has freedom of choice disappeared to? I fear we may well need another Emily Pankhurst to endorse this committee's suggestion that the issue is one of "political unpopularity".

Kathryn Vessey,
76 Anlaby Park Road South,
Hull,
East Yorkshire HU4 7BS

Get rid of lower power heritage

From R N G Blower.

Sir, I note with something approaching delight that decision time seems to be approaching for Battersea Power Station ("View that became a valuer's nightmare", August 5). In particular, I am pleased to see that commercial reality has all but overcome English Heritage's fundamentally daft idea of preserving this industrial-age monstrosity (famous only for its appearance with flying pigs on the cover of a Pink Floyd record).

It blights the tree-filled beauty of nearby Battersea Park and is a chronic waste of riverside. By all means preserve industrial architecture and technology which can teach people something of the industrial past, eg the Steam Museum opposite Kew, but Battersea Power Station a rival to Paris Euro Disney? Come off it!

Mr David Mellor, the heritage minister, needs to reverse this dotty idea immediately and allow the true value of the land to be released through development for the benefit of those who truly treasure the Thames riverside.

R N G Blower,
18 Marjorie Grove,
London SW11 5SJ

No changes seen in Italy

From Mr Onésimo Alvarez-Moro.

Sir, Robert Graham continues to show stubborn optimism ("Amato plays the chaos card", August 4) that the recent election results in Italy will lead to substantive changes in the system.

The sad reality, however, is that not only do the same old faces continue to be seen – but they are up to the same old tricks.

Wake up Italians! You do not have very much time.

Onésimo Alvarez-Moro,
Pontejos 2,
2 puerta 6,
28012 Madrid,
Spain

Commercial principle is ignored

From Mr I J Blakey.

Sir, David Porter's letter ("Subsidies have been forgotten by energy users", August 5) obviously reflects the interest of his Association of Independent Electricity Producers' members in high electricity prices if they seek to increase (or persuade others to increase) overcapacity in generation at current fuel prices.

What happened to large industrial customers' prices for 1987 to March 1991 was that an attempt was made to give them the benefit of ordinary commercial discount for quantity and regularity of custom, and also to recognise the value of load shedding at times of system stress.

The present (and former) general system of pricing does not otherwise accommodate this commercial principle. The problem with the present system is that, in principle, big users pay the same prices for energy as domestic consumers, which is absurd. The difference in final delivered price of electricity arises from the additional costs of distribution to domestic consumers, as David Porter well knows.

If he has evidence of state subsidy to Britain's European competitors' electricity suppliers, he should let the European Commission have it. Our studies simply show that the continental supply industry behaves more commercially than ours.

I J Blakey,
chairman,
Energy Intensive Users Group,
c/o BISPA,
5 Cromwell Road,
London SW7

Where is the connection?

From Mr Tom Birkett.

Sir, What reason can you have for describing a man charged with fraud exceeding $50m as having "firm political views" and being "well-known among the Bruges Group of anti-European federalists" on page one ("UK banks face £490m suit", August 5) and elaborating on an inside page?

Can we expect the political leanings of every future alleged fraudster to be analysed in such detail, or is this just a case of tarring all of us anti-Maastricht people with guilt by association?

Tom Birkett,
5 Silverbeech Road, Wallasey,
Wirral

OBSERVER

Retirement cure-all

■ For a privately-owned company with an annual turnover of £16m, Efamol, makers of evening primrose oil, seems to have no difficulty adding big names to its letterhead. A few years back Sir James Black, the Nobel prize-winning scientist who discovered two of the world's best-selling drugs, joined the board. Now it has recruited Sir James McKinnon, Britain's gas regulator.

It is not every day that Britain's regulators take up non-executive directorships and if they do, one would normally expect to have heard of the company they are joining.

However, Sir James, who is two years from retirement, says that he first heard of Efamol – short for *Essential Fatty Acid Molecules* – through its chairman Sir Ian Morrow. Like himself, Morrow is a former president of the Institute of Chartered Accountants of Scotland. Sir James is not some healthy medicine freak. Nevertheless, he is clearly excited by the potential of some of the drugs under development.

It seems that Britain's scientists are leading the race to find natural cures for diseases. He hopes he has something to add on the commercial side. Who knows, he may even have an eye on taking on the chairmanship when the 70-year-old Sir Ian eventually *decides to stand down.*

Divi divining

■ Now that BP has cut its dividend one wonders which other pillars of the corporate establishment could be a bit shaky. Like most good clubs, the FT 30-share index has a rather quirky membership; even so the health of its members is well worth monitoring for signs of dividend fatigue.

Asda and Royal Insurance have only been admitted to the FT 30 club in the last decade, and they have already cut their dividend. BP itself is a relatively junior member – it was only invited to *join in 1977 when Sir Jimmy* Goldsmith whisked his Cavenham foods business offshore. Among other new members which may *have difficulty* keeping up their dividends, P & O, Forte and BICC are worth keeping an eye on. No need to sound the alarm bells, but their shares are far more lowly rated than they were at the bottom of the last recession in 1981.

However, Courtaulds, ICI, Allied-Lyons and Guinness were all rated even more lowly in the last recession, but they pulled up their socks and have gone on to win their club colours for good behaviour.

Recharged

■ President Boris Yeltsin, a no-show in Barcelona, has written to International Olympic Committee president Juan Antonio Samaranch apologising for his absence and adding that he hoped the two of them could play tennis soon.

Yeltsin, a *tennis* buff and member of Moscow's Petrovsky Park tennis club, was due to play Samaranch in Moscow in January this year but the match was rearranged for the summer after the IOC chief issued an invitation to the Olympics.

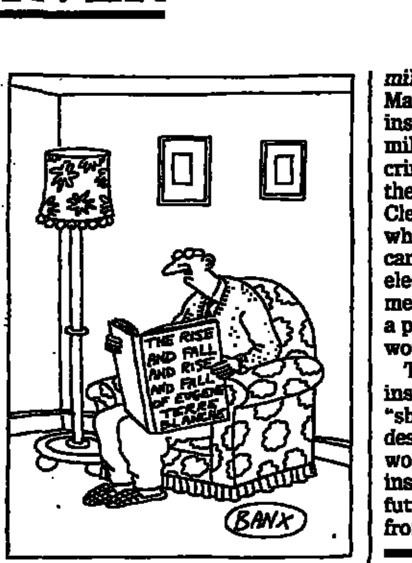
Yeltsin's change of mind surely can't have anything to do with his tennis form – George Bush presented him with a battery-powered tennis machine earlier this summer.

Bully beef

■ *President Carlos Salinas of* Mexico, though proud of his free-trade colours, has drawn in his horns of late. On his recent visit to Britain, Salinas dug in his heels and refused Douglas Hurd's advocacy of the £8m worth of Northern Irish beef which the Mexican authorities claimed was contaminated but which met all international health standards.

But it would seem that Salinas has been stampeded into his protectionist stance. Patricio Chirinos Calero, a close friend of the president and his former environment minister, was publicly thanked by Veracruz cattle-breeders for keeping out foreign beef earlier last month.

Chirinos, then standing for re-election as governor of Veracruz in Sunday's election, told the delighted farmers that accepting



the foreign beef would have violated national sovereignty and endangered Mexican health. Now that the election is over, will Salinas get down off the stockade and let the beef in?

Evasive

■ The search is on for the red-faced lawyer at Customs and Excise who has cost the taxpayer up to £100m through sloppy drafting of legislation.

The High Court has ruled that a provision in the 1985 Finance Act did not give Customs quite the leeway it thought it had in *evading its stated commitment* to repay VAT refunds within 30 days.

Thousands of traders will now be able to claim a 5 per cent supplement on the value of their refunds over the past seven years. Customs sheepishly refused to be drawn on whether all these claims would be processed within 30 days.

Transcending

■ Lloyd's of London needs all the help it can get. But maybe it should look no further than its own navel.

The Natural Law Party thinks that transcendental meditation is a solution for all the world's problems; now it is proposing "detailed discussions" with insurers.

For the investment of "a few *million pounds" in "Maharishi* Mahesh Yogi's Vedic technology", insurers could save hundreds of millions of pounds by reducing crime and accidents, according to the party's leader, Geoffrey Clements. Seven thousand experts, which presumably include the 310 candidates fielded in the general election, practising transcendental meditation twice daily can "create a positive influence on the entire world," he insists.

The crisis at Lloyd's and at big insurance companies indicates the "short-sightedness of leaving the destiny of the world to chance. We would like to invite the leading insurers to ensure their own future," says Clements, arising from his horizontal plane.

Tough choice

■ If the BBC had to choose which government minister it wanted to vet the MMC report on Television Broadcasting Services, it would probably not have picked Neil Hamilton, the 43-year-old corporate affairs minister.

Hamilton, who is keen to beef up the MMC's rather tepid recommendations, has crossed swords with the Beeb before. Along with Gerald Howarth, who lost his seat at the last election, Hamilton successfully sued the BBC over a 1984 Panorama programme which falsely accused the two Conservative MPs of neo-Nazi behaviour. It cost the BBC £500,000 *and could well have been one of* the issues that led to the sacking of Alasdair Milne as BBC director general.

Saving trees?

■ Should we sympathise with the parlous state of Labour's finances or should we admire the party's parsimony?

A press release put out yesterday by Frank Dobson, shadow employment secretary, carries on the masthead the name of John Underwood, its former communications director.

For the record, Underwood resigned in June 1991. Will documents coming from the party leader's office continue to bear Neil Kinnock's imprimatur until stocks are exhausted?

FINANCIAL TIMES
Friday August 7 1992

Shareholders to approve change in status of state-run groups

Italy edges closer to sell-offs

By Haig Simonian in Rome

THE Italian government's privatisation plans will overcome a big hurdle today when special meetings of shareholders of the four biggest public-sector groups approve their transformation into joint stock companies.

The change in legal status is a crucial step towards the flotation of some, or all, of the groups. The companies include IRI, Italy's biggest public-sector holding concern, ENI, the state-owned *energy and chemicals group*, Enel, the electricity generating authority, and INA, the state insurance agency.

While approval for the change is not in doubt, the focus will be on the composition of the groups' boards of directors which are also up for renewal. The new boards should offer a clear indication of the balance of political forces within the government over privatisation.

"You'll have to count how many old faces move out and how many new ones come in," said a senior government supporter of privatisation. "If there are more new faces than old, it means we have succeeded."

That is not a foregone conclusion, however. Some executives who owe their jobs to their party allegiances are resisting change. The Christian Democrats and the Socialists, the two biggest parties in Mr Giuliano Amato's coalition *government, are also divided*.

As a result, the composition of the boards had still not been decided last night.

Observers expect the boards to be slimmed down, giving representatives from the Treasury, now the companies' shareholder, much greater say. The board of directors of ENI, the biggest of the four, currently has 15 members. "The new boards should be much smaller – 10 people at the most," one official said.

Officials expect the current, politically appointed chairmen of the four companies to be reconfirmed. However, it is thought the mandates of the four – Mr Franco Nobili at IRI, Mr Gabriele Cagliari at ENI, Mr Franco Viezzoli at Enel, and Mr Lorenzo Pallesi at INA – may be cut from their present multi-year terms. Their powers may also be curtailed.

Once the assemblies are over, bankers expect little movement on privatisation until October, by which time a six-member committee of bankers and economists, set up by the Treasury last week, will have presented its findings. "Once we have received their suggestions, we'll decide how to proceed," an official said.

The pace may disappoint foreign bankers who have postponed their holidays in the hope of submitting privatisation proposals to the Treasury.

Mr Perio Barucci, the Treasury minister, has turned down all meetings with bankers until he receives the privatisation committee's recommendations.

The government has already indicated its willingness to float more than 49 per cent of public-sector companies' shares – an impassable barrier in the past

And later this year, the flotation of IRI's Finmeccanica subsidiary and ENI's Agip and Snam operations is due to go ahead as planned. However, ministers are still considering sending a much stronger signal to the markets by disposing of the government's controlling in a prestigious state-owned company, such as a bank.

The change in status should coincide with final approval in the Senate of the government's decree law which put the transformations into effect.

Flag carriers: ANC supporters march with a mock coffin draped in the South African flag through Kempton Park as part of a week of mass action

Protest winds down, Page 3

Lloyd's to give more information to Names

By Richard Lapper

THE GOVERNING body of Lloyd's of London yesterday acted to force disclosure of its members' business dealings after widespread criticism about conflicts of interest.

For the first time in its 306-year history Lloyd's also plans to compile detailed financial figures for all the syndicates into which Names – the individuals whose wealth backs the insurance market – are grouped.

The two measures, announced yesterday, are designed to increase the quality of information available to Names. They also respond to criticisms voiced by "outside" Names, who have borne the brunt of Lloyd's recent record losses, that insiders who work at the market have benefited at their expense.

From next year members of Lloyd's governing bodies will be obliged to disclose full details of all their business interests.

The new register of interests will cover directorships, shareholdings, Lloyd's partnership interests, salary, pension and profit-related pay, interests in Lloyd's related contracts and details of participation in individual syndicates. Members of the council, Lloyd's governing body, and two new executive bodies, will have to disclose relatives' interests.

All Names will be able to inspect the register.

The first issue of the detailed figures, under the name of Limelight, was published yesterday. Limelight brings Lloyd's into competition with Chatset, an independent company, whose unofficial listings, Lloyd's League Tables, have been published since the early 1980s.

In recent months Chatset's editors, Mr Charles Sturge and Mr John Rew, have been highly critical of Lloyd's and pessimistic about its business prospects. The market's losses in 1989, the latest year for which figures are available, were £2.06bn.

Mr Sturge said the new publication was designed to "stuff" Lloyd's League Tables which sold about 3,000 copies last year.

Limelight will have an initial print-run of 3,000 copies.

In a further move Lloyd's is cutting the number of council members from the present 28 to 21 in 1993 and 16 in 1995.

The changes are in line with the recommendations of a committee headed by Sir Jeremy Morse, the chairman of Lloyds Bank which reported last month.

Observer, Page 13

Russian reforms win IMF and World Bank support

By Michael Prowse in Washington

THE International Monetary Fund and World Bank yesterday threw their weight behind the economic reform efforts of Russian president Boris Yeltsin.

Mr Michel Camdessus, the IMF managing director, sought to allay mounting fears that Russia and the IMF would be unable to reach agreement on a full programme of economic reforms.

He indicated that the $1bn "first tranche" credit approved by the IMF's board late on Wednesday was only the first stage of a "phased programme of collaboration".

Mr Camdessus acknowledged some slippage in Russia's reform efforts, but said he hoped the IMF would be able to approve a full standby agreement with Russia by the end of this year. The timing and scale of future IMF support, however, would depend on the strength of Russia's reform programme.

The IMF's initial $1bn credit was primarily a recognition of Russia's "immense efforts" in the past nine months, Mr Camdessus said. The credit line, which covers the next five months, was available without further conditions.

Mr Camdessus indicated a willingness to show some flexibility in assessing Russia's progress on reforms. The IMF was engaged in a "damage control" exercise. Its aim was to help the country avoid hyperinflation and to keep the reform effort on track.

It was "absolutely essential" that Russia achieve the ambitious fiscal targets agreed with the IMF – a sharp reduction in the budget deficit to 5 per cent of gross domestic product in the second half of the year. He also stressed the importance of Russia achieving firmer control of its money supply.

However, it is looking increasingly unlikely that Russia will meet targets agreed with the fund to restore the country to some sort of financial health.

Western experts say the budget deficit was heading for 15 per cent of GDP even before yesterday's agreement between the Russian government and central bank to supply Rbs500bn in working capital to state enterprises.

The World Bank, meanwhile, approved a $600m "rehabilitation" loan to enable Russia to purchase much-needed imports.

Russian cash boost, Page 2

Pressure grows on UN to act over Bosnia

Continued from Page 1

cannot use force . . . without disproportionate risk to the lives of civilians and our armed forces," he told Mr Paddy Ashdown, leader of the opposition Liberal Democrats who had advocated some form of military initiative in Bosnia earlier this week.

"It is the nature of the Yugoslav tragedy that solutions cannot be imposed from outside," Mr Major added.

However, Mr Willem van Eekelen, head of the nine-member Western European Union, said only military means would end the fighting. "This war cannot go on," he told Dutch radio.

General Lewis Mackenzie, former commander of the UN peacekeeping forces in the Bosnian capital of Sarajevo, said any military intervention would be costly, and lengthy.

"If there is no diplomatic solution and the world thinks seriously of putting in an occupation force, then they should be prepared for a long stay. I have never seen such an intense hatred between peoples," he said in an newspaper interview.

● Germany's second railway relief convoy left Bonn yesterday to evacuate refugees gathered in Croatia after fleeing Bosnia.

Barclays chief warns of long UK recession

Continued from Page 1

334p, in part because some investors had expected the bank to cut its dividend.

In the event, Barclays held the payment, although Sir John left open the possibility that the final dividend would be cut – which would be damaging to investors' confidence because only one clearing bank, Midland, has cut its dividend since the 1930s.

The Confederation of British Industry said talk of no recovery for two years was "unduly pessimistic". But it added: "Recovery is likely to take place very slowly and the economy may not get back to the levels of activity prevailing before the recession within two years."

Sir John had no policy suggestions for the government apart from supporting its commitment not to devalue sterling within the exchange rate mechanism. He said devaluation would inevitably lead to a rise in interest rates.

When asked what he thought about the plans to revive the housing market put forward this week by Abbey National, the retail bank, Woolwich building society and National Westminster bank, he noted that their proposals had been "savaged" by the press. He said the press reaction was "justifiable".

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	F	21	70	Frankfurt	S	29	84	Majorca	S	32	90	Oporto	S	27	81	Tenerife	F	24	75
				Brussels	F	21	70	Geneva	S	30	86	Malaga	S	32	90	Oslo	F	21	70	Tokyo	S	31	88
				Budapest	S	30	86	Gibraltar	S	29	84	Malta	S	32	90	Paris	S	28	82	Toronto †	S	15	59
Ajaccio	S	30	86	Buenos Aires	F	16	61	Glasgow	F	15	59	Manila	F	33	91	Prague	S	29	84	Tunis	S	32	90
Algiers	S	33	91	Cairo	S	34	93	Helsinki	C	21	70	Melbourne	F	15	59	Reykjavik	R	8	46	Valencia	S	31	88
Amsterdam	S	21	70	Cape Town	R	13	55	Hong Kong	F	31	88	Mexico City	C	17	63	Rhodes	S	30	86	Venice	S	31	88
Athens	S	33	91	Caracas	F	29	84	Innsbruck	S	30	86	Miami †	S	28	82	Rio d'Janeiro	R	28	82	Vienna	S	29	84
Bahrain	S	34	93	Casablanca †	S	26	79	Inverness	F	16	61	Milan	S	32	90	Rome	S	32	90	Warsaw	S	29	84
Bangkok	F	32	90	Chicago †	S	16	61	Islamabad	F	33	91	Montreal †	S	15	59	Salzburg	S	29	84	Washington †	S	19	66
Barcelona	S	28	82	Cologne	S	27	81	Istanbul	F	29	84	Moscow	S	24	75	S'Francisco †	C	13	55	Zurich	S	28	82
Beijing	F	30	86	Copenhagen	S	25	77	Jakarta	C	32	90	Munich	S	29	84	Seoul	F	24	75				
Beirut	S	29	84	Corfu	S	34	93	Johannesburg	S	17	63	Nairobi	F	17	63	Singapore	F	32	90				
Belfast	F	15	59	Dallas †	S	24	75	Lisbon	S	33	91	Naples	S	35	95	Stockholm	C	19	66				
Belgrade	S	31	88	Dublin	C	17	63	London	S	21	70	Nassau	C	34	93	Strasbourg	S	29	84				
Berlin	S	30	86	Dubrovnik		–	–	Los Angeles †	C	20	68	New Delhi		–		Sydney	F	19	66				
Biarritz	R	23	73	Edinburgh	S	17	63	Luxembourg	S	27	81	New York †	S	21	70	Taipei	F	34	93				
Bombay	F	27	81	Faro	S	33	91	Madeira	C	25	77	Nice	S	31	88	Tangier	S	32	90				
Bordeaux	S	29	84	Florence	S	35	95	Madrid	S	34	93	Nicosia	S	31	88	Tel Aviv	F	30	86				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Half way for BP

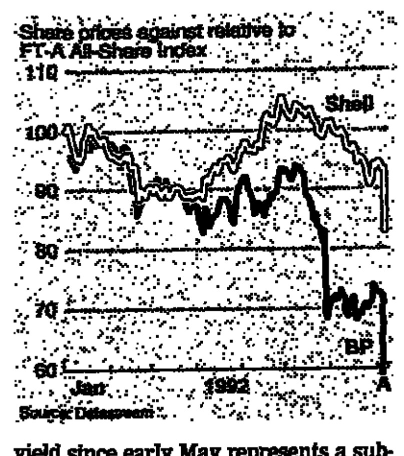
BP's decision to cut costs and its dividend has the feel of necessary but insufficient action. With cash draining from the business at an alarming rate, the board was left with little option. However, the measures announced yesterday will do little more than return cash flow to an even keel next year once the savings from redundancies come through. Any repayment of debt will have to come from asset sales. Those will be very hard to come by, despite BP's good track record in auctioning unwanted companies.

The most likely candidates for disposal are in refining and chemicals. With downstream profits under severe pressure, finding buyers, even at fire sale prices, will not be easy, as Lasmo's experience demonstrates. Shell's results show how even financially strong oil companies are suffering. When it comes to deals, the weak can expect no quarter.

That leaves very little room for dividend growth to resume from the low base established yesterday. BP's yield is now below that of Shell, reversing the pattern of the 1980s. This makes the share price vulnerable, to say the least. True, American investors have been buying BP because the shares look better value than some domestic producers. But UK institutions are more likely to focus on the relative attractions of Shell.

The joker in the pack is the oil price. Any substantial rise in crude, or upturn in the world economy, would bail BP out nicely. That, however, seems a remote possibility. While they wait for their shrunken dividend cheques, shareholders might also ruefully reflect that the man now at the helm, Mr David Simon, was intimately involved in the decision to buy the assets which caused all the trouble.

FT-SE Index: 2377.6 (-15.2)



UK equities

There was other news, besides BP, for the London bears to picnic on yesterday. A warning from Barclays darkened the economic gloom, BET's rights issue received a lukewarm response, and sterling finished the day nudging that bit closer to its absolute *D-Mark floor in the ERM grid. In the* circumstances, perhaps, it was surprising that the Footsie managed to claw back more than half its initial 32-point fall.

At current levels one can argue that investors are at last discounting a lower growth economy in the mid 1990s, and that the 0.75 percentage point rise in the market's average yield since early May represents a substantial adjustment. The view that most of the risks are in missing the upside, though, looks questionable given that nervousness over sterling interest rates is likely to be here for some time. Mr Lamont will doubtless fight tooth and nail to avert dearer money – as demonstrated by this week's pandering to the building societies – but his very reluctance is an open invitation to foreign exchange dealers to test the government's ERM resolve to the limit. The contrast between UK policy and recent determination to defend the lira has certainly not been lost on the markets.

While signs of weakening in the German economy have probably lengthened the odds against a rise in DM rates, political pressures nearer home are just as dangerous. UK equities are assuming interest rates will remain at current levels for some time, but anything worse is not in the price.

Barclays

Any bank chairman who announces a bad debt charge of more than £1bn and then suggests the UK recession could last for another two years is courting extreme unpopularity with the stock market. But yesterday's 3 *per cent rise in Barclays Bank shares* in the wake of such pronouncements from Sir John Quinton is less perverse than it looks. The dividend was maintained. Perhaps even more important, operating profit before provisions rose 16 per cent, which is in striking contrast to the 4 per cent fall at Lloyds.

This is not to say, however, that Barclays is now set firmly on a recovery trend. On past experience, the bank may not find it so easy to hold costs down in the second half. It must be nearing the limit of its ability to squeeze commission income out of its reluctant customers, even though this made an important contribution to the first half advance. Crucial to the chance of maintaining the dividend for the full year will thus be the speed with which bad debt provisions fall.

Here the outlook is murky and the forecasters' record abysmal. One argument is that Barclays was slow to make provisions during the recession and has now caught up with its competitors. But its lending also grew particularly fast in the late 1980s and it retains a heavy exposure to property. Assuming no repeat of the large hits which cost £200m in the first half, a maintained final should be affordable. Thereafter investors might yet have cause to remember Sir John's warning about the duration of the recession.

BOC

BOC could not have chosen a better day on which to remind the market of its defensive qualities. Nine-month figures were notably robust and contained no surprises: in the current market certainty has a value all its own. BOC's policy of announcing its dividend in advance only adds to the sense of security. Even exposure to the weak dollar is hedged through forward currency transactions which have already netted some £3m in cash. This goes a long way towards offsetting the £6m currency translation loss that might be anticipated for the full year.

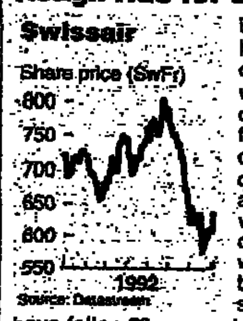
Yet BOC has not convinced the market that it can deliver anything more than secure but incremental earnings growth. Yesterday's 3 per cent gain in the share price only partly reverses a 10 per cent fall in the last two weeks. Bottom-line improvements in the core industrial gases business came from efficiency gains this time around. There must be doubts about BOC's ability to repeat the trick in the absence of higher volume. The healthcare side looks increasingly exposed, *with the patent for Forane expiring in* January. The replacement drug, Suprane, has to convince US regulators of its safety and anaesthetists of its efficacy if the threat from generic manufacturers is to be repelled. Until these doubts are resolved BOC is unlikely to trade at a premium to the market despite the attraction of a secure dividend.

INSIDE

Royal Dutch/Shell falls 26% to £481m

Royal Dutch/Shell, the Anglo-Dutch oil company, yesterday reported a 26 per cent second-quarter fall in net income to £481m ($918.7m) excluding inventory gains and losses. **Page 16; Lex, Page 14**

Rough ride for airline stocks



Source: Datastream

European airline stocks have had a rough ride during the past few weeks, hit by airline overcapacity, damaging fare wars, and the tortuous progress on the part of management towards a lower cost base. The worst performance has come from Swissair where the shares, down by more than a quarter since their peak in May, have fallen 20 per cent faster than the local index. **Back Page**

Sluggish time for Deutsche Bank

Deutsche Bank, Germany's most powerful bank, appears to have run out of steam. "It looks as though the great ship of state Deutsche Bank has at last ground to a halt," said one analyst, commenting on the 3.2 per cent decline in profits to DM3.06bn ($2bn) for the first half of the year. **Page 18**

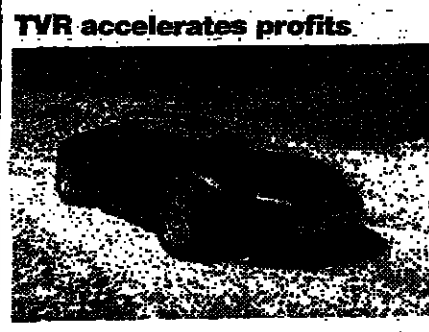
Ups and downs in Hong Kong

Hutchison Whampoa, the diversified Hong Kong conglomerate, has made a 20 per cent cut in its interim dividend and a HK$1.42bn (US$184m) write-down of its investment in Husky Oil, a Canadian oil and gas producer. The latest write-down pushed the group into first-half net losses of HK$78m, compared with profits of HK$2bn a year earlier. However, Cheung Kong, the flagship of Mr Li Ka-shing which holds 40 per cent of Hutchison Whampoa, has reported a 17 per cent growth in profits to HK$2.23bn in the six months to June 30. **Page 18**

IBM may form PC division

IBM's strategy to transform itself from a monolithic giant into a loose federation of smaller, more competitive, business units may create a new subsidiary which would design, develop, manufacture and market IBM personal computers. **Page 17**

TVR accelerates profits



TVR is suddenly being taken seriously by a wider world than the die-hard enthusiasts who have kept it in business since it first began making sports cars in 1954. Last year the UK carmaker increased its output by a quarter and quadrupled profits. Profitability should be increased further by the Griffith (above), which has just gone into production. **Page 21**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Aachen Mch	730	+	30	Bancaire Cie	358	+	17
Colonia Kozn	710	+	10	Coparex	645	+	30
Falls				Intertechnique	690	+	25
Douglas	510	−	20	**Falls**			
Heidelb	830	−	65	Dollfus Mieg	318	−	12
Holzmann	973	−	17	Peugeot	649	−	18
Lefnelf	420	−	10	Promodes	626	−	22
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Falls**			
Gap Stores	35⅝	+	½	Misawa Homes	680	−	70
Falls				Miyairi Valve	210	−	23
BP	45⅝	−	3⅝	Nippon Denso	1310	−	120
Chrysler	21½	−	½	Sanno	800	−	150
Ford	41¾	−	1½	Tsugami	372	−	41
Gen Motors	37⅝	−	1½	Yamaka Rl Est	330	−	30

New York prices at 12:30.

LONDON (Pence)							
Rises				First Leis	250	−	8
Abbey	70	+	6	Gaskell	120	−	10
BOC	601	+	17	Greene King	445	−	18
Barclays	334	+	10	Legal & Gen	313	−	12
Euro Disney	962	+	34	Marston Tmpsn	206	−	19
Learmth Burcht	91	+	10	Menzies (J)	350	−	15
SEET	48	+	10	MarcO'Ferrall	168½	−	10½
Salvesen (C)	267	+	9	Redland	415	−	15
Falls				Thorn EMI	711	−	32
BP	196½	−	10	UK Land	10	−	3
Brixton Ests	135	−	8	Weir	338	−	16
Cable Wireless	526	−	14				
Eurocamp	308	−	12				

GM warns of tough second half

US group cuts losses but shares fall amid concern over outlook, writes Martin Dickson

GENERAL MOTORS, the US motor group in the throes of a radical restructuring, yesterday reported its best quarterly operating performance in two years but its shares fell as it warned that the second half of the year looked tough.

The figures underlined the slow recovery from recession of the US vehicle market and Detroit's concern that trading conditions between now and December could be difficult, given both the fragility of the US market and a slowdown in Europe.

Mr Robert Stempel, chairman, said GM's big cost-cutting programme should mean a significant improvement in second-half results over the final six months of 1991. But he added: "Sustaining the rate of progress we experienced in the first half of this year ... appears extremely challenging."

GM reported a net loss of $357m, or 66 cents a share, in the quarter, compared with a loss of $784m, or $1.44 a share, in the same period of last year. Sales and revenues rose from $31.3bn to $35.2bn. However, the group earned $392m, or 31 cents a share, when a previously announced special $749m restructuring charge, taken by its GM Hughes Electronics subsidiary, was excluded.

This move into the black depended heavily on the group's three non-motor businesses. General Motors Acceptance Corporation, the group's financial services arm, made $286.9m, up from $283.6m; Electronic Data Systems made $157.1m, up $17.3m; and GM Hughes made $164.6m, up $114.3m, before the restructuring charge.

The results were not far from market expectations, but GM shares slipped $1½ in morning trading, to $37⅝, amid concern about the second-half outlook.

The shares lost $1¼ on Wednesday following a remark by a senior GM executive that the company might wait until next year before announcing more names of the 21 factories it is to close over the next few years.

So far only 14 have been identified and Wall Street wants GM to move quickly to bring excess manufacturing capacity in line with market demand.

GM's board expressed displeasure with the pace of change under Mr Stempel last April when it staged a coup which reduced his powers and promoted Mr Jack Smith, head of international operations, to president. He was given a mandate to introduce his successful management practices at GM Europe into the loss-making North American vehicle operations.

Mr Stempel said North America's figures had been helped in the quarter by a 12 per cent year-to-year increase in factory unit sales and cost controls which had boosted the gross margin. International vehicle operations were strongly profitable, but were below the same period of 1991.

Philips half-year profits fall 63%

By Ronald van de Krol in Eindhoven

PHILIPS, the Dutch electronics group, suffered a sharp drop in profits in the second quarter, as fierce competition in the key consumer electronics sector forced it to reduce prices on compact disc players, televisions and video cassette recorders to maintain market share.

Net profit fell to Fl 82m ($50m) from Fl 552m the year before, when Philips' results were increased by a Fl 365m extraordinary gain on the sale of its remaining white goods activities to Whirlpool of the US.

The sharp decline in quarterly results pushed first-half net profit down to Fl 256m, a fall of 63 per cent from the year before.

Philips, whose shares have been under pressure since it issued a profits warning in June, said problems in consumer electronics masked progress in areas such as lighting, where first-half operating profits rose 64 per cent. "If it had not been for the setbacks in consumer electronics, we might have served you champagne today," Mr Jan Timmer, president, said.

Group turnover in the first half fell 1 per cent to Fl 25.8bn, again reflecting price-cutting in consumer electronics.

Philips declined to detail losses in consumer electronics but said selling prices had been cut by an average 6 per cent to preserve its market share.

Mr Henk Bodt, head of consumer electronics, said the sector was not expected to return to profit until 1994. To achieve the turnaround, the company planned to boost efficiency of its factories in Europe, to centralise its warehousing and to double the size of its European sales force.

The consumer products division – which accounts for nearly half of Philips' annual sales and includes consumer electronics, appliances such as shavers and coffee-makers, and PolyGram, Philips' profitable, 80 per cent-owned music company – saw operating results tumble to Fl 118m in the first half from Fl 470m a year earlier.

The malaise in consumer electronics also hit Philips' TV picture tube business, and associate companies such as Grundig of Germany. These difficulties in consumer electronics shaved Fl 400m to Fl 500m off net results, said Mr Henk Appelo, finance director.

Jan Timmer's offensive, Page 16

Accor told to raise travel group bid

By Andrew Hill in Brussels and Alice Rawsthorn in Paris

ACCOR, the French hotels group which controls Wagons-Lits, must pay minority shareholders in the Franco-Belgian travel company at least FFr950m on top of the FFr2.2bn ($440m) it has bid for the group, following a landmark Brussels court ruling.

Accor is to appeal against yesterday's decision to the Belgian supreme court. But Belgian advisers to the Wagons-Lits investors described the judgment yesterday as the most significant blow struck for Europe's minority shareholders. They believe the decision could eventually cost Accor up to FFr1.6bn if the French company has to raise its bid for all minority shareholders.

The ruling should strengthen the Belgian takeover code, making it more difficult for large investors to gain control of companies through secretive private deals. In France, the controversy has played a big part in persuading the authorities to improve minority shareholders' rights.

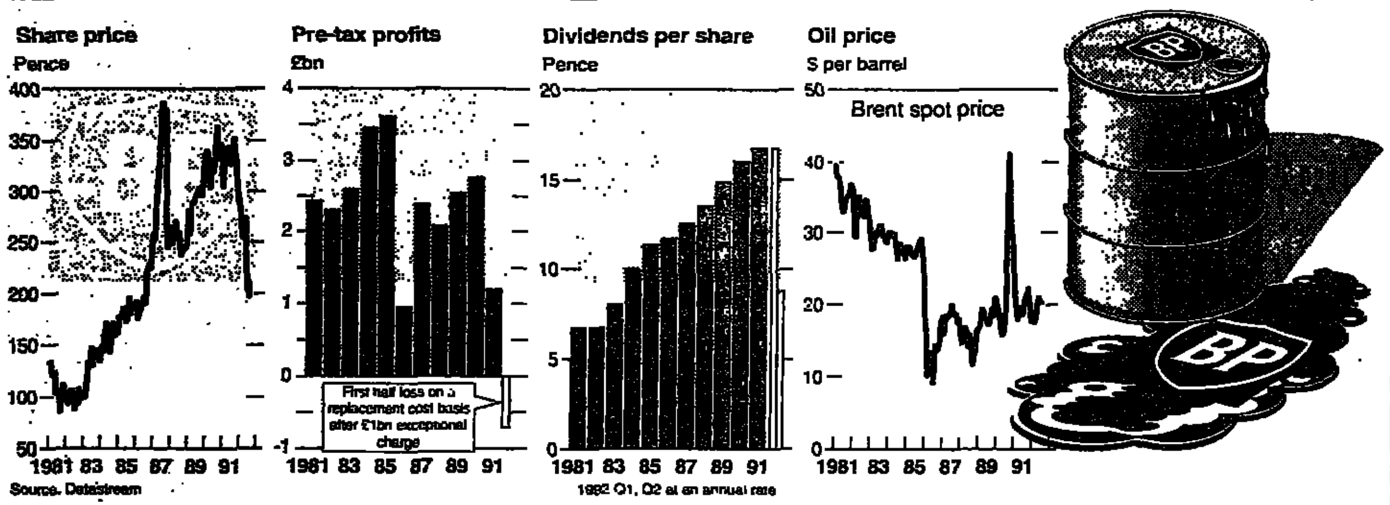
The Brussels commercial court and court of appeal have backed shareholders in their battle to establish that control of Wagons-Lits changed hands in June 1990, when Accor and Société Générale de Belgique, the holding company, bought a 26 per cent stake at BFr12,500 a share.

They launched a joint bid last October at BFr8,650 a share, but both courts ruled the two companies should have bid for the whole of Wagons-Lits 15 months earlier at the higher price. The initial purchase was approved by the Belgian banking commission, which supervises takeovers.

The court of appeal yesterday expanded the commercial court judgment by adding interest to the compensation. The court also said Sodexho, the French catering company, should be compensated for its loss on a Wagons-Lits stake sold since June 1990.

The ruling will apply to the three shareholder groups involved in the appeal – Sodexho, Rolaco, the Saudi Arabian investment company, and Déminor, which represents small Belgian shareholders. They hold some 10 per cent of the group, but Accor has committed itself to extending the payout to any shareholders "in a similar situation" if it loses its court battle.

Accor's shares were suspended yesterday morning. After trading resumed they recovered from FFr620 to close unchanged on the day at FFr638.



Source: Datastream

New broom sweeps the decks

The scale of restructuring by BP's new chief executive has surprised analysts, reports Neil Buckley

Only six weeks after jettisoning its chairman and chief executive Mr Robert Horton, BP yesterday surprised the City of London again by unveiling an aggressive programme to lift the company out of the doldrums.

Mr David Simon, its new chief executive, bit the bullet and halved the dividend – the first cut since the first world war – as well as announcing an accelerated cost-cutting and debt repayment plan. This entailed an immediate restructuring and write-down charge of £1bn ($1.9bn) and the loss of 11,500 jobs worldwide.

The restructuring charge, taken as an exceptional item, transformed a £107m profit on a replacement cost basis – slightly better than expected – into an unprecedented £812m loss.

Mr Simon had been expected to take the opportunity of the change in management and poor results to clear the decks and establish a firm base from which BP could move forward, but the sheer size of the programme took some analysts by surprise.

Mr Steve Ahearne, chief financial officer, told analysts days after the boardroom coup which removed Mr Horton that BP would accelerate its cost-cutting and debt reduction programme, and start paying off some of its $16bn debts by next year.

Yesterday, BP raised the target for cost savings from $750m a year to $1bn a year by 1994 and set an aggressive earnings target of $2bn a year within three years.

Mr Ahearne reiterated that the company would cut capital expenditure by 25 per cent in each of the next two years, and accelerate its asset divestments in this year and 1993, with a target of between $1.5bn and $2bn for each year.

He said BP would concentrate on its core businesses of exploration and production, refining and marketing, and petrochemicals. It confirmed that it was seeking to sell its nutrition arm, reclassified as "non-core" earlier this year.

BP hopes this will allow it to start paying off $1bn of its $16bn debt annually from next year.

Analysts said yesterday's £1bn restructuring charge was the "pain" from implementing that programme. "BP has decided to take all the pain of the redundancy costs in one go, and to write down the values of the assets for when they don't sell them for what they are worth," said Mr Alan Sinclair, analyst with Smith New Court, the London brokers.

Some £472m of the charge is to cover redundancy costs. Some 11,500 jobs are to be lost – or 10 per cent of the remaining workforce, which has already been cut by more than 8,000 since the appointment of Mr Bob Horton in 1990. About 1,500 of those jobs are in the UK, mainly from the research and engineering divisions. The rest of the job cuts will be in BP's European and US operations. The other £544m is asset write-downs, to cover the expected losses associated with BP's disposal programme.

The charge is spread across BP's businesses, including £175m from exploration and production; £351m from refining and marketing; £185m from chemicals; £101m from nutrition; and £204m from corporate and other businesses.

The second important plank of the programme was to halve the dividend to 2.1p, which Mr Simon said rebased it at a level which allowed for sustainable growth. He said the dividend was now set to be covered by cash flow, and did not rely on the success of the divestment programme.

The dividend cut was broadly in line with expectations although some analysts had suggested a cut of 30 per cent or 40 per cent would be sufficient.

Analysts also said they believed the medium-term financial programme was a prudent one. "I think they are definitely moving in the right direction, and this will help restore confidence in the management," said Mr Fergus MacLeod, an analyst at County NatWest. "They have cut the dividend and stopped over-spending, and will benefit when the economic environment starts to improve. I think they are actually rather over-selling the doom and the gloom."

Mr MacLeod believed BP would still be able to start paying off its debts next year even if it did not make all its planned asset sales, given a modest upturn in the economy. Other brokers were less optimistic, saying the programme relied too heavily on disposals which would be difficult to achieve in the current climate.

In the future, BP's directors are praying for an economic upturn – something to which the company's profits are more highly geared than almost any other large oil company. If this does occur, industry experts say, BP will benefit from it more quickly than rivals such as Shell. It is also less exposed than some of its competitors to the predicted downturn in the Asian market.

While BP is well-placed for recovery, observers say there are still long-term fears about the unbalanced structure of the company, the spread of its exploration and production activities and its management style.

While the new management has pledged a change in leadership style, it remains to be seen whether Mr Simon will be more successful than his predecessor at carrying through effective structural changes without damaging company morale.

If Mr Horton was known as the hatchet man, BP's employees may be wondering today what that makes their new boss.

Lex, Page 14; Shell falls, Page 16; Petrofina halved, Page 16; Styrene venture, Page 20

Barclays pulled into £30m loss by bad loans in UK

By Robert Peston in London

BARCLAYS has made an after-tax loss of £30m ($57m) in the first six months of the year. It is only the second time in the UK bank's 300-year history that it has disclosed a deficit.

It is also the first time that Britain's biggest bank has made a loss due to problems in its core UK operations. Its previous trading deficit in 1987 resulted from provisions against possible losses on loans to less developed countries.

The £30m loss compares with a £242m profit in the first half of 1991. The sharp decline stemmed from a record charge of £1.07bn to cover losses on loans, mostly in the UK.

However, the board maintained the dividend at 9.15p a share, all of which was paid out of reserves, which meant there was a net drain on capital resources during the period of £206m.

Sir John Quinton, Barclays chairman, said a cut in the final dividend was possible. "In the present uncertain economic conditions, it is too early to comment on the final dividend," he said.

He expected loan losses to continue to be high for the next two years, but he was hopeful they would not exceed £1bn.

The bad debt charge included £200m in respect of problems experienced by five large borrowers. These are thought to include the three property companies Heron Corporation, Olympia & York and Mountleigh.

Sir John admitted there had been some "bad lending" at Barclays and that the bank was reforming its procedures for scrutinising loans.

Staff numbers were cut by 2,331 in the half year, most of the reductions coming in the UK. Another 1,500 jobs are expected to go in the second half.

Profits of Barclays de Zoete Wedd, the investment banking and foreign exchange division, fell from £154m to £99m. Recently purchased banks in France and Germany, Européene de Banque and Merck Finck respectively, are still only breaking even.

Group profits before tax and provisions rose 16 per cent to £1.17bn. After provisions, pre-tax profit was £51m, down from £378m.

An exceptional debit of £82m covered a fall in the value of businesses being sold.

Net interest income rose 4 per cent, because of a widening in the margin between what Barclays pays for deposits and the rate it charges on loans.

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Veba falls 14% at pre-tax level

By David Waller in Frankfurt

VEBA, one of Germany's largest industrial companies, with activities ranging from chemicals and energy to trading and retailing, yesterday reported pre-tax profits down 13.9 per cent to DM889m (from DM1.03bn) in the first six months of the year. However, turnover rose by 12.4 per cent to DM33.55bn, mainly as the result of acquisitions.

Mr Kiran Bhojani, recently appointed head of investor relations at the Düseldorf-based conglomerate, explained that, but for a number of specific exceptional factors, pre-tax profits would, in fact, have risen by 7.5 per cent.

Heavy depreciation associated with new investments, combined with pension provisions and provisions for the costs of redundancies in the chemicals division, absorbed a total of DM222m which was charged "above the line" to the profit and loss account. A substantial proportion of the total would have no impact on cash flow, Mr Bhojani said.

The company gave no divisional breakdown of profits, indicating only in general terms that the chemicals division – where turnover climbed by half a per cent to DM5.33bn – lost money in the first half, partly because of poor market conditions but also because of extensive rationalisation measures.

There was also a "considerable decline" in profits in the oil division, despite a 6.6 per cent increase in turnover to DM6.56bn. The company said it had been impossible to reach the prior-year level, which had benefited through special factors connected with the Gulf war.

There was unlikely to be any notable earnings improvement over the course of the year as a whole in these two divisions, Veba warned.

The service businesses improved total turnover by 25.4 per cent to DM15.62bn. Veba said profits here were pleasing, especially in the construction materials handling sector which profited from the construction boom in the eastern part of the country.

The increase in turnover reflected the acquisition of Schenker-Rhenus, a transport company bought last year. Capital investment in the first half was DM1.83bn, up from DM1.63bn last year.

Half-year income halved at Petrofina

By Andrew Hill

PETROFINA, the Belgian oil company, yesterday announced that interim profits had halved to BFr4.2bn ($138m) as the fall in crude oil and gas prices and the weakness of the US dollar continued to take their toll.

The group – which last year reported first-half net consolidated profits of BFr9.5bn – said it could see no immediate end to the economic recession which is blighting the industry. Overall turnover slipped to BFr265bn from BFr280bn.

"Nothing leads us to expect in the months to come any significant change in this situation, which severely affects the petroleum and petrochemical industry," said the company, one of Belgium's largest industrial groups.

Mr François Cornélis, chief executive, warned of a "marked drop" in first-half profits in May, and said an improvement would depend on a rise in US gas prices and improved refining margins.

Instead, the company reported that refining margins had continued to slide during the first half. Refining, marketing and transport operations turned in interim operating profits of BFr3.27bn against BFr7.89bn, and were hit in the US by unspecified "technical problems" which caused "considerable production losses".

Profits slipped at all of Petrofina's operations, except paints, which made BFr919m in the first half against BFr620m in last year's equivalent period. Chemicals profits dropped to BFr3.1bn from BFr4.99bn and exploration and production to BFr6.18bn from BFr6.31bn.

The group said it was taking the gloomy outlook into account in its strategic planning. As part of its strategy, Petrofina is trying to reinforce its Antwerp refining capability and getting more choosy about the development of its petrochemical products.

Last week, Fina, the group's US affiliate, reported net earnings of $67,000 for the six months ended June 30 against $12.5m last year. Second-quarter earnings were up to $5.53m from $4.24m. Negotiations are continuing with Arabian Petroleum to establish a joint venture in the refining sector.

CAE slips in first quarter

By Robert Gibbens in Montreal

CAE Industries, a leading international flight-simulator maker, posted lower first-quarter profit, but a C$35m (US$29.6m) order for Cathay Pacific will bolster its order-book.

For the June quarter, CAE earned C$5.7m or 5 cents a share, down 15 per cent from C$6.7m, or 7 cents a year earlier, on revenues of C$240m against C$273m.

The slowdown in world aviation has reduced commercial simulator orders and revenues will be flat this year, the company said.

Earnings for fiscal 1993 should improve slightly over fiscal 1992, said Mr David Race, president.

Shell income tumbles by 26%

By Richard Gourlay in London

ROYAL Dutch/Shell, the Anglo-Dutch oil company, yesterday reported a 26 per cent fall in second-quarter net income to £481m ($918.7m) excluding inventory gains and losses.

Over the first half, net income measured on the same current cost basis fell 24 per cent to £1.44bn, on sales down 4 per cent at £34.43bn.

A second-quarter improvement in upstream profits from a higher crude oil price was offset by a reduction in downstream margins and further falls in chemicals as a result of weak economic demand.

The figures included £216m of non-operating profits, most of which related to sales of assets and the settlement of tax affairs in the US. These special gains were only partly offset by foreign exchange currency losses of £102m which were also included in the net income figures.

The comparative figures for the second quarter of 1991 were a £21m gain from special non-operating profits and a currency gain of £120m.

Royal Dutch/Shell said these special benefits were exceptionally high and unlikely to be repeated this year. The group's net income including inventory gains rose 8 per cent in the second quarter to £576m and 4 per cent over the first half to £1.44m.

Royal Dutch's share of group net income in the first half rose from Fl 5.60 per share to Fl 5.71; Shell Transport's share rose from 14.3p to 14.8p per share. The dividends for the two parent companies will be set on September 10.

Cash flow from operations in the first half fell from £3.73bn to £3.06bn, with the swing arising largely from a sharp increase in working capital utilised. Capital spending and exploration costs in the first half fell 17 per cent to £2.5bn.

The group's share of crude oil production from its own and shared ventures rose 7 per cent to 2.15m barrels a day while natural gas volumes were 8 per cent higher at 7.1bn cu ft a day.

In chemicals, group earnings fell from £101m to £3m in the first half with the main losses outside the US and heavy inventory losses in both quarters.

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Profits rise by 14% at GEC Alsthom

By Alice Rawsthorn in Paris

GEC-ALSTHOM, the Anglo-French power company, saw net profits increase by 14 per cent from FFr1.71bn ($340m) to FFr1.95bn for the year ended March 31.

The power group, formed three years ago as a joint venture between the UK's GEC and Alcatel-Alsthom of France, increased operating profits by 20 per cent to FFr3.35bn on sales 8 per cent up at FFr52bn.

GEC-Alsthom has emerged as an aggressive player in the European power generating equipment market due to a forceful strategy of developing a broad product range and exploiting the licensing agreement that European Gas Turbines (EGT), its French subsidiary, has with General Electric of the US. The US group has a 10 per cent stake in EGT, with the rest belonging to GEC-Alsthom.

One market where GEC-Alsthom has gained ground against its chief competitors, Siemens and Asea Brown Boveri, is combine-cycle gas turbine power stations, the fastest-growing sector of the thermal power generation market. The Anglo-French company has this year won a number of contracts in this sector including the main one for PowerGen's new station at Connah's Quay in North Wales.

EGT yesterday announced it had won a FFr1.2bn export order to supply eight gas turbine generators to Iran Power Generation and Transmission (TAVANIR). EGT has also won smaller export orders for Europe and Latin America worth a total of FFr500m.

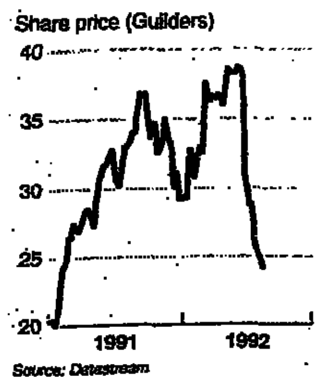
Its counterpart in the UK reported its first orders for typhoon gas turbines for offshore platforms in the North Sea and Australia. The EGT orders in France and the UK contribute to a total of FFr2.5bn of new export orders for the GEC-Alsthom group.

GEC-Alsthom said that it received orders worth FFr53.3bn in the 1991-92 financial year.

Timmer acts to quell doubts in break with tradition

By Ronald van de Krol in Eindhoven

Timmer: Confidence bid



PHILIPS, the beleaguered Dutch electronics group, yesterday deployed Mr Jan Timmer, the president, to quell doubts about the company's new consumer electronic products that have created the weakness which has beset its share price since early summer.

Breaking with tradition, Mr Timmer presided over the company's quarterly press conference to clear up what he described as misunderstandings about the future prospects of the digital compact cassette (DCC), compact disc-interactive (CD-I) and high-definition television (HDTV).

Mr Timmer, who normally addresses only the annual results presentation in February, vigorously denied a Dutch press report that the company would face financial problems if its HDTV standard, developed together with Thomson of France, did not prove successful.

He said the importance of HDTV to Philips' financial well-being had been distorted and the effect of these worries on Philips's shares had been exaggerated.

Mr Timmer said the future of HDTV lay with European Community finance ministers, who must decide later this year on whether to approve incentives to encourage broadcasters to produce programmes in D2-MAC. This is the standard developed by Philips, Thomson and other European companies, as an intermediary step to full HDTV.

However, Mr Timmer said Philips was "prepared for a large number of eventualities" if another solution was found.

Investor worries about HDTV have been compounded by Philips' recent announcement that it was delaying its planned September launch of DCC until later in the year, as well as by doubts about the success of CD-I, a multi-media version of the popular CD player.

Recalling the launch of the CD in 1982, Mr Timmer said: "At the time, there were an unbelievable amount of Doomsday Charlies who said 'Don't do it because we have the cassette . . . and the LP'. If we had listened to them, the CD would never have been launched."

He said the delay in getting DCC to shops was small compared with the expected 25-year life span of the product.

Mr Timmer acknowledged that "we shot ourselves in the foot" by originally specifying a September launch rather than speaking of "the autumn".

Mr Timmer, who once said he might resign if results did not improve by the end of 1992, stated that yesterday's figures "are no reason for me personally to say 'I'm throwing in the towel'".

After the press conference, Mr Timmer startled journalists in the press centre by making an impromptu walk-about. Commenting on yesterday's further decline of nearly a guilder in Philips' share price, he said: "I didn't come here with the illusion that the share price would go up by five guilders."

Clearly, however, Mr Timmer's performance yesterday was designed to win back some of the confidence which his elevation to the top job at Philips generated back in July 1990.

Prima creditors meet again today

By Peter Bruce in Madrid

SOME 60 creditor banks of the big Spanish property group Prima Inmobilaria are to meet again in Madrid today after a first meeting with Prima and its owners, the Kuwait Investment Office (KIO), to discuss a two-month moratorium on debt repayments, ended in confusion on Wednesday.

Prima, the KIO and Salomon Brothers, which is advising the KIO on the restructuring of its $4bn assets in Spain, are encouraging the banks – which Prima owes close to $500m – to form a steering committee. In return, the KIO has promised to lend Prima $35m to make interest payments.

At Wednesday's meeting, Mr John Gomez-Hall, Prima's chairman, and Mr David Jarvis, the Salomon official advising KIO, said 90 per cent of Prima's assets were either greenfield or under construction and were not producing revenue. The group needed time to design a survival plan.

Mr Mahmoud Al-Nouri, the chief KIO official in Spain, unexpectedly spoke. He said the KIO management in London had only been in place since May, implying they were not responsible for the plight of Prima and Ercros, the KIO chemicals group which stopped paying creditors last month.

He asked for unanimous agreement on a moratorium or the KIO would have to take other steps. This may have meant suspending payments or the sale of assets.

By late yesterday the banks had still not discussed their response.

IBM considers plan for PC division

By Alan Cane

A SEPARATE personal computer division may be the latest step in International Business Machines' strategy to transform itself from a monolithic giant into a loose federation of smaller, more competitive, business units.

Industry analysts attending a meeting with IBM executives earlier this week were told of plans to create a new subsidiary which would design, develop, manufacture and market IBM personal computers.

It would have worldwide revenues of about $7bn, on a par with those of most leading computer manufacturers.

The plan is thought to be the brainchild of Mr James Cannavino, the energetic head of IBM's PC business, but the company this week refused to confirm or deny that he had been given the go-ahead.

A spokesperson said several avenues were being considered in the company's efforts to improve the competitiveness of its PC business.

IBM is the world's largest manufacturer of PCs, but its profitability has been badly affected by falling hardware prices as components have become cheaper and fierce competition from manufacturers of copies ("clones") of IBM's machines, which have become the industry standard.

The plan to set up a separate PC subsidiary follows moves in Europe and Canada to set up separate organisations to market low-cost PCs in direct competition with the clone-makers.

There is sound logic behind

James Cannavino: plan thought to be his brainchild

the idea of casting loose the company's PC business. Culturally, PC operations, which depend on fast responses to market conditions, do not sit comfortably within large mainframe computer companies. ICL of the UK and Groupe Bull of France run their PC divisions at arm's length from the main company.

IBM's shares fell $2.63 to $91.63 on forecasts that there would be little or no growth this year in the computer giant's mainframe business.

IBM makes most of its profits on mainframes where gross margins are in excess of 60 per cent. Customers, however, are turning away from mainframe technology in favour of smaller, less expensive computers linked into networks of PCs. Sales of mainframes have also been hit by the recession, forcing large customers to cut or defer capital spending.

Sun Micro posts record revenues but income falls

By Karen Zagor in New York

SUN Microsystems, the leading US manufacturer of computer workstations, unveiled an unexpected 43 per cent drop in fourth-quarter net income in spite of posting record revenues in the period. Sun has been one of the fastest-growing companies in the computer industry.

Its net income for the three months to June 30 was $37.7m, or 37 cents a share, against $66.4m, or 63 cents, a year earlier. Revenues rose 3 per cent to $972.7m from $942.5m last year.

The company's share price has been subject to spurts of volatility this year reflecting some concern that Sun would not be able to live up to expectations of very strong growth.

Several analysts reduced their earnings projections for the company earlier this year, but most had expected fourth quarter earnings of about 51 cents a share, with essentially flat earnings for the year.

Instead, Sun posted annual net income which slid almost 9 per cent to $173.3m, or $1.71, compared with $190.3m, or $1.85, in fiscal 1991. Revenues advanced to $3.59bn from $3.22bn.

Mr Kevin Melia, Sun's chief financial officer, said the company had established a new price-performance curve with new products that included substantial price reductions on its existing products. "While the price reductions did reduce our gross margins, much of the margin impact was offset by improvements in our operating efficiencies."

One factor driving Sun to reduce prices is the increasing overlap between high end personal computers and low end workstations. The steep decline in personal computer prices is now being seen in the workstation segment.

Operating income tumbled 51 per cent in the quarter to $49.3m from $100.8m. For the full year, operating income was off 11 per cent to $261.1m from $294.9m.

Reichmanns agree to detail business interests in full

By Bernard Simon in Toronto

MEMBERS of Canada's Reichmann family, long famed for their secrecy, have agreed to disclose all their business interests to creditors of the ailing family-owned developer, Olympia & York.

A list of assets will be compiled by Price Waterhouse's office in Toronto. But Mr Bernard Wilson, a PW partner who also acts as O&Y's information officer, said yesterday that agreement has yet to be reached on a precise definition of assets to be disclosed. Mr Wilson said he was uncertain when the list would be completed.

O&Y's creditors have repeatedly voiced concern that the Reichmanns may control assets outside the O&Y group which could be used to help repay the company's C$13.5bn (US$11.4bn) debt.

Olympia & York Developments, the holding company, and 28 Canadian subsidiaries filed for protection from their creditors last May. Administrators have also taken over the Canary Wharf project in London, but the company has so far managed to keep its US properties out of court protection. Under pressure from the creditors, the Reichmanns earlier disclosed C$71m of assets not directly owned by O&Y. These include a C$4m residence in Hampstead Heath, London, and various other buildings and securities in Canada.

Some properties and a corporate jet have already been sold to help pay O&Y's restructuring costs.

The Reichmanns, through their lawyer, earlier objected to the degree of disclosure demanded by the creditors. But a lawyer for one bank lender said in court yesterday that the creditors were now satisfied that O&Y was co-operating with the creditors.

The company was due to publish a progress report on its debt-restructuring negotiations late yesterday. It is working to present a plan to its creditors by August 21.

First dividend in eight years at Ampolex

By Bruce Jacques in Sydney

AMPOLEX, the Australian petroleum group, has declared its first dividend for eight years and plans to spend A$1.4bn (US$1.03bn) on expansion over the next half-decade, despite a subdued earnings performance in the latest year to June.

The company yesterday announced a 23 per cent fall in net earnings to A$37.2m for the 12 months from A$48.1m a year earlier. This reflected falling world oil prices which cut about US$4 a barrel from receipts. Net profits were helped by substantially lower tax of A$8m against A$51.3m.

Revenue fell by 19 per cent to A$176.4m from A$217.5m, despite steady crude oil sales at 6.2m barrels a day. The directors declared a final dividend of 2.5 cents a share.

Exploration spending took A$64m, with a further A$186m spent on development.

Mr Peter Power, chief executive, said yesterday he was expecting improved earnings for the current year following the start of oil production from the company's Kutubu project in Papua New Guinea.

Quaker Oats slips 2% in quarter

By Karen Zagor in New York

QUAKER Oats, the Chicago-based food, beverage and pet foods company, yesterday posted a 2 per cent decline in fourth-quarter net income to $103.9m, from $106.4m a year earlier, on flat sales of $1.54bn.

Earnings per share held steady at $1.38, with fewer shares outstanding in the latest quarter.

For the full year, Quaker Oats had net income of $247.6m, or $3.25, compared with $235.8m, or $2.65, a year ago. Results for last year included a $30m loss from the discontinued operations of Fisher-Price. Sales rose to $5.58bn from $5.49bn.

Mr William Smithburg, chairman and chief executive, said the earnings decline in the second half of this year reflected a change in the timing of the company's trade promotions.

However, he expects this change to boost the company's results for first half of fiscal 1993.

During the quarter, a 17.7 per cent improvement in international grocery sales to $491.8m helped offset a 6.1 per cent decline in north American product sales to $1.05bn.

Operating income from international grocery products rose 5 per cent to $41.7m, while US and Canadian operations saw a 4.2 per cent decline in operating income to $170.4m.

● Woolworth, the US stores group, said its F.W. Woolworth Co unit was to acquire 89 Joan Bari and Cabaret accessories boutiques from Edison Brothers Stores.

Terms were not disclosed.

F.W. Woolworth will assume operation of the stores, which average in size about 1,000 sq ft, in September.

Edison said the acquisition by Woolworth was for the entire chain of stores. In 1991, the Joan Bari/Cabaret chain generated 1.7 per cent of Edison's sales and none of its profits.

In addition to cash, Edison said it would get up to three leases from the Richman Brothers and Anderson-Little chains, which Woolworth said it was to soon close. Edison Bros said the leases will be used for its menswear and footwear chains.

Sales improve at top US stores

By Karen Zagor

MANY leading US retailing groups yesterday reported improved same-store sales for July after a generally disappointing June.

The Gap, a specialty clothing chain, posted a 7 per cent gain in comparable store sales, while overall sales in the four weeks to August 1 climbed 18 per cent to $181m.

Rival specialty retailer The Limited, however, saw same-store sales fall 6 per cent in the month, and a more modest 4 per cent improvement in total sales to $415m.

Wal-Mart, the fast-growing discount chain and the biggest US retailer by sales, reported a 13 per cent improvement in same-store sales for July. Total sales advanced 28 per cent to $4.32bn.

K-mart, another big discount retailer, posted its best comparable-store sales gain this year.

Mr Joseph Antonini, the company's chairman and chief executive, said seasonal merchandise such as apparel and electric fans sold well in the month, thanks to warmer weather after a cool May and June. Comparable store sales rose 7.5 per cent, while total sales were 13.3 per cent to $2.69bn.

Sears, on the other hand, blamed unseasonably cool weather across much of the US for a decline in sales of air conditioners and paint. The Chicago-based stores and catalogue group said comparable US store sales slipped 2.2 per cent in July.

J.C. Penney, a department store and catalogue group, saw same-store sales increase 9.7 per cent, while total sales rose 10.4 per cent to $870m.

Banespa looks to expand overseas

By Christina Lamb in Rio de Janeiro

IMPRESSIVE first-half results have pushed Banespa, the state bank of Sao Paulo, Brazil's largest state, up the ladder to rank as the country's second biggest bank for the first time.

Mr Antonio Sochacewski, the bank's president, said it hopes to consolidate this position through overseas expansion.

Banespa posted profits of $106.4m for the first half of this year – up 44.2 per cent on last year – and recorded a 48.6 per cent rise in deposits to $5.25bn.

Brazilian banks appear to have recovered from the disastrous blow they received two years ago when President Fernando Collor seized 80 per cent of bank accounts.

Most banks have since shed staff and are benefiting from high real interest rates and government borrowing.

Banespa has 17 overseas agencies and a new bank, Banespa International, is opening in Luxembourg to co-ordinate European operations, with an initial capitalisation of $16m.

The bank is waiting for Brazil's political situation to improve before making its first Eurobond issue, planned to be between $80m and $130m.

Prudential to keep Manhattan HQ

By Patrick Harverson in New York

PRUDENTIAL Securities, the third-largest brokerage house in the US, is to keep its headquarters and back office operations in Manhattan.

The company had considered relocating outside New York, but a $106m incentive package of tax and energy rebates provided by the city and state government, and the reduction in rental costs linked to the local commercial property slump, persuaded Prudential to stay in the Wall Street area.

Prudential's decision is a victory for the administration of Mr David Dinkins, New York's mayor, which has fought hard to persuade big companies to stay in the city despite the cost, the high crime rate and the crumbling infrastructure.

If major corporations and their employees leave New York, the city's tax base declines and local government finances, already damaged by federal cuts and the impact of the recession, would come under further pressure. Delighted city officials said Prudential's decision would generate $830m in revenue for New York.

In recent years, several big Wall Street firms, including Merill Lynch, Salomon Brothers, and PaineWebber, have moved their back office operations out of New York to cheaper locations in the suburbs or in other states.

Kidder Peabody, Smith Barney, and Morgan Stanley have also recently considered relocating part or all their operations elsewhere, although none have yet made a final decision.

INTERNATIONAL COMPANIES AND FINANCE

Profits rise by 17% at Cheung Kong

By Simon Holberton in Hong Kong

CHEUNG Kong, Mr Li Ka-shing's flagship Hong Kong company, yesterday reported a 17 per cent rise in net profits to HK$2.23bn (US$288.5m) for the six months to June 30 from HK$1.98bn in the first half of 1992.

Cheung Kong, in which Mr Li has a 34.9 per cent holding, is one of Hong Kong's leading property developers and investment companies.

It is the vehicle through which Mr Li holds a 40 per cent interest in Hutchison Whampoa, and a diversified portfolio of small investments in other listed companies.

Cheung Kong's profit growth was struck on a 38.8 per cent jump in turnover to HK$4.7bn from HK$3.4bn. Earnings per share rose to HK$1.06 from HK$0.90.

An interim dividend of 20 cents a share was declared, up 18 per cent from the 17 cents last time.

Mr Li expects the full year results to show satisfactory growth and dividends for the year would be raised.

The Hong Kong property market was showing some signs of slowing down. "However, in view of the still robust economy and the restricted supply of land, the market will continue to be active, after a short period of consolidation."

During the first half, Cheung Kong invested HK$1.6bn in locally-listed companies. It has a large cash surplus – estimated to rise to about HK$9bn by the end of this year. For cash management reasons it has decided to put part of that surplus into local shares where returns are higher than in the local money market.

Li Ka-shing: expects the full year result to show growth

Hutchison Whampoa cuts dividend

By Simon Holberton

HUTCHISON Whampoa, the diversified Hong Kong conglomerate, yesterday surprised the colony's financial community with a 20 per cent cut in interim dividend and a substantial write-down of its investment in Husky Oil, a Canadian oil and gas producer.

The company took an above-the-line write-down of HK$1.42bn (US$183.7m) on Husky, cutting by half the book value of the investment it first made in 1986. In 1991, it wrote off HK$760m for a fall in the value of Husky's oil and gas reserves.

The latest write-down pushed the group into first half net losses of HK$78m, compared with profits of HK$2bn a year earlier. Although it is a non-cash item, it will affect Hutchison's gearing.

Mr Archie Hart, head of research at Crosby Securities, the Hong Kong brokerage, said: "Husky goes down as one of the world's worst acquisitions. It is on a par with Midland Bank's acquisition of Crocker."

But the market, which had been expecting a Husky provision, was further disappointed by a deterioration in the company's underlying profitability, apparently due to the poor performance of Hutchison's UK telecommunications business.

Mr Li Ka-shing, chairman, said that given the planned substantial cash requirements for the development of the company's UK telecommunications business, it was considered prudent to cut the interim dividend by 20 per cent to 16 cents from 20 cents.

He said losses in the UK would continue for the next few years, but added that the long-term potential of the business was promising.

Turnover advanced to HK$10.2bn, from HK$9.4bn. Operating profits fell slightly to HK$1.9bn from HK$2bn.

Husky again appears to be the main problem at the operating level, together with UK telecommunications and possibly the company's satellite television venture, Star TV.

Analysts said Hutchison's Hong Kong operations – principally its container port interests, property development, retailing and telecoms – all performed reasonably well.

Throughput at Hongkong International Terminals, the dominant operator at the colony's container port, rose 15 per cent. Felixstowe port in the UK was operating profitably.

Analysts said that, paradoxically, Mr Li was about the only investor in Hutchison to benefit from the company's woes. Last year, he raised HK$881.4m through the issue of 273m covered warrants over Hutchison stock – equal to 7.5 per cent of the company.

Hutchison has under performed the market since. If it continues he may not have to face conversion, they said.

Kirin turns in 13% fall at halfway

By Gordon Cramb in Tokyo

KIRIN BREWERY, Japan's biggest beer producer, yesterday reported a 13.1 per cent fall in interim pre-tax profits to Y32.1bn ($252m). It blamed increased depreciation costs after expanding capacity in recent years, and lower interest income.

The earnings decline for the six months to June came in spite of a 5.2 per cent rise in sales to Y609.8bn. Beer sales volumes, for domestic consumption and export, rose 4.1 per cent, showing higher growth than the industry average.

Kirin, which accounts for about half the Japanese beer market, has been battling to maintain its share in the face of slowing growth in demand. Marketing costs among the three main brewers have been rising as a result.

The company is also cutting shipping costs by licensing production overseas. It linked up last month with Bedford-based Charles Wells to brew Kirin lager for the UK market and export to the rest of Europe. It has a similar arrangement with Molson of Canada.

Along with Asahi and Sapporo, its rivals, Kirin expects 1992 pre-tax profits to fall. It forecast a 5.1 per cent decline for the full year to Y82bn, on sales up 4.9 per cent to Y1,380bn.

Net income is, however, expected to edge higher at Y35.15 a share, compared with Y34.90. The company is holding to a planned rise in its total payout to Y10 a share, from Y9.

Kirin is increasing its capital spending budget this year to Y85bn from an originally-planned Y79bn.

● Suntory, Japan's largest whisky distiller and one of the country's biggest private companies, managed a 6.6 per cent rise in pre-tax profits to Y5.3bn for the half-year.

SUMITOMO Rubber, Japan's third-largest tyremaker and parent of Dunlop in Europe and the US, lifted pre-tax profits 2.8 per cent to Y4.8bn ($38m) in the first half to June, writes Gordon Cramb.

Parent company revenues were 2.3 per cent ahead at Y123.4bn. Although falling sales of new cars in Japan left demand for its tyres unchanged, sales of its golf and tennis goods improved by 3.1 per cent.

Non-tyre sales – which also include marine equipment and office machinery – accounted for a record 37.7 per cent of its overall business.

Profit growth is forecast to be more sluggish for the full year, up 0.5 per cent before tax at Y11.6bn on a 4.2 per cent rise in sales to Y265bn.

Earnings at Amic down 15% in first half

By Philip Gawith in Johannesburg

LOWER prices in export markets and weak domestic demand caused earnings at Anglo American Industrial Corporation (Amic), the industrial arm of South Africa's largest company, to fall by 15 per cent in the first half to June.

Turnover rose 5 per cent to R3.3bn ($1.2bn) from R3.1bn a year earlier, but difficult trading conditions saw operating profits fall to R170m from R211m. Amic's share of earnings of associated companies rose marginally to R90m from R89m, while income from investments and interest earned rose to R48m from R35m.

Pre-tax earnings fell to R239m from R282m, while attributable earnings were 12.1 per cent lower at R160m compared with R182m.

Mr Leslie Boyd, chairman, said most of Amic's subsidiaries and associates had experienced reduced demand in local markets and lower prices abroad. This had resulted in cuts in some operations and lower production runs.

Amic's interests are concentrated in mining-related activities and heavy industry. These have been hard hit by a fall in fixed investment by industry, which dropped at an annualised 7.5 per cent in the first quarter.

The dividend was maintained at 110 cents a share on earnings of 281 cents, down from 333 cents.

Mr Boyd said that earnings for the full year were likely to be in line with those for the first half.

● Consolidated Metallurgical Industries (CMI), the world's second-largest ferrochrome producer, improved its operating performance but still made a loss in the year to the end of June. CMI, a member of the Johannesburg Consolidated Investment (JCI) group, increased turnover to R306.4m from R274.6m in 1991 and managed to turn a R6.4m operating loss in 1991 into a R14.9m profit in 1992.

Deutsche Bank loses its immunity to recession

David Waller on questions posed by the poor results

AN ELEMENT of *schadenfreude* – joy at others' misfortunes – crept into analysts' reactions to Deutsche Bank's poor figures this week. Germany's biggest bank, the most powerful and profitable in the country, suddenly appeared to have run out of steam.

"It looks as though the great ship of state Deutsche Bank has at last ground to a halt," quipped one analyst, commenting on the 3.2 per cent decline in total profits to DM3.06bn ($2.08bn) for the first six months of the year.

Deutsche's relatively weak performance was accentuated by comparison with the figures put out by its smaller competitors in recent days. Commerzbank, Germany's third-largest bank, increased its total profits by 17.5 per cent and Dresdner Bank, the second-biggest, by 15 per cent.

Other large banks also showed themselves immune to recession. Yesterday, Bayerische Vereinsbank said that partial operating profits – excluding trading gains – rose by 28 per cent, and in recent days Bayerische Hypotheken und Wechselbank reported a 22.8 per cent increase, and DePfa, a Wiesbaden-based mortgage bank, improved profits by over 30 per cent.

Where Deutsche Bank goes other German banks tend to follow: the question troubling analysts and investors is if the Deutsche Bank slowdown is a leading indicator for the German banking sector.

On the face of it, the results show that Germany's banks are still capable of generating robust, double-digit growth in profits.

The sector's prosperity is linked to developments in eastern Germany. Germany's banks have prospered as a result of strong credit demand from west German companies wanting to invest in eastern Germany.

It is this credit demand – calculated to be an annualised 11 per cent in March to June and at more than 12 per cent in the first quarter of the year – which has helped stimulate the growth in money supply which in turn prompted the Bundesbank to increase interest rates to ever higher levels, most recently the 0.75 per increase in the discount rate last month.

Despite the interest rate rises – which in theory should discourage further borrowing – the demand for loans has remained strong. Much to the annoyance of the Bundesbank, lending to finance projects in the east is "interest rate insensitive". A multitude of government and other incentives make it attractive to borrow money to finance new projects, even though interest rates are at historically high levels.

Coupled to strong loan demand, banks' first-half profits climbed because of the recovery in German stock and bond markets in the first part of the year, which boosted fee-income and the result from own-account trading.

The banks' profits also benefited from the relative weakness of Japanese, US and British competitors, which because of domestic problems were not able to pursue and win high-quality international business as effectively as the German banks.

Deutsche Bank's woes should not be overestimated: the drop in profits was from record levels and its interest rate margin, though down, is higher than other banks. Deutsche's operating profits are about as the results from the next three biggest banks combined.

It attributed the drop in profits to the general deterioration of the German economy and the rest of the world. Specifically, it blamed higher costs of financing customer deposits and a growing role in lower margin interbank lending.

More generally, it seems likely the bank's size ensures it is the first to feel the effects of a slowdown – and equally likely that other German banks will in turn follow suit.

Over the past year, bank shares' have under-performed the DAX 30 index of top German companies by more than 7 per cent, despite the profits increase. This under-performance reflects investors' worries about the impact of interest rates on the banking business which have, in the event, proved unfounded.

BAYERISCHE Vereinsbank, one of Bavaria's two largest banks, yesterday rounded off the German banks' half year reporting season by announcing a 28 per cent rise in partial operating profits, the biggest increase of any of the country's big banks.

This figure, excluding any contribution from the bank's own account trading, rose to DM681m from the DM534m a year earlier. It did not report total operating profits.

The group balance sheet total grew by 5.6 per cent to DM239bn, reflecting what it termed lively credit demand in normal banking and mortgage business.

An important factor was the growth of its activities in eastern Germany, where it has 53 branches and granted credits of DM5.4bn.

Parent bank earnings on interest rose by 14.8 per cent to DM1.09bn compared with half the figure for the whole of 1992, while fee income climbed 7.5 per cent to DM253.5m.

GERMAN BANKS' FIRST-HALF GROUP RESULTS

	Operating *profit**	Change %	Net int. *income**	Change %
Deutsche Bank	3,060	-3.2	5,510	+6
Dresdner Bank	1,400	+15	2,950	+12.6
Commerzbank	975	+17.5	2,220	+12.7
Bayerische Hypotheken	769	n/a	1,610	n/a
Bayerische Vereinsbank	n/a	n/a	1,632	n/a

*DM m. Source: Paribas Equity Research

Nordic markets jittery on Finnish rate decision

By Sara Webb in London and Patrick Harverson in New York

THE Bank of Finland's decision to raise its key tender rate from Monday left Nordic government bond markets in a jittery state and pushed up bond yields.

GOVERNMENT BONDS

The Bank will raise the tender rate to 16.0 per cent from 14.62 per cent, in an effort to stem the outflow of capital from the country. The prime minister announced a package of economic measures yesterday evening aimed at restoring confidence in the Finnish financial markets.

Yields on Finnish government bonds have risen recently, with the 11 per cent bond due 1999 now yielding 12.7 per cent, against 12.3 per cent last Friday.

The Swedish government bond market responded to the sudden rise in Finnish short-term interest rates, with government bond yields increasing initially. However, yields later fell, and the bond due 2003 ended the day with an unchanged yield of 10.06 per cent. Dealers said the Swedish market had been helped by some positive news in the form of a well-received Treasury-bill auction.

■ DESPITE a bigger-than-expected rise in weekly jobless claims, US Treasury prices fell yesterday as dealers adjusted their positions ahead of today's July employment report.

By midday, the benchmark 30-year government bond was down 8/32 at 106⅝, to yield 7.455 per cent. The two-year note was also weaker at the halfway mark, down 1/32 at 99 29/32 yielding 4.268 per cent.

Normally, Treasury bond prices would have responded favourably to news from the Labor department that the number of people claiming state unemployment insurance rose by 69,000 in the week ending July 25 – the largest rise in weekly claims since 1982.

Analysts, however, pointed out that the big increase in claims was almost entirely the result of the company-wide shutdown of General Motors during the last two weeks of July and other layoffs in the car industry.

■ FRENCH government bond prices closed higher across the yield curve helped by the combination of Wednesday's opinion poll in France on the Maastricht Treaty and a general sense of relief that the Bundesbank had decided to leave interest rates unchanged at yesterday's council meeting.

The opinion poll – which indicated firm support among voters for European economic and monetary union ahead of the September 20 referendum on the ratification of the Treaty – helped spur buying by foreign investors, particularly at the longer end of the yield curve. The yield on the 8½ per cent bond due 2002 fell from 9.07 per cent to 8.98 per cent.

At its auction yesterday, the French Treasury sold FFr6.58bn of bonds due 2002 at an average yield of 9 per cent, and FFr4.18bn of bonds due 2023 at an average yield of 8.94 per cent.

Dealers said that the French bond market was able to absorb the new supply without any problem.

■ NEWS that the Bundesbank had decided to leave its key interest rates unchanged following the central bank's council meeting yesterday helped to nudge up German government bond prices.

The bund market had been worried that the Bundesbank would raise the Lombard rate, following the rise in the discount rate from 8.0 per cent to 8.75 per cent on July 16.

The Liffe bund futures contract moved up to 87.07 by late afternoon against the previous day's close of 86.95.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	111.7349	-0.075	8.27	8.33	8.67
BELGIUM		9.000	08/01	99.7000	+0.150	9.05	9.01	8.79
CANADA *		8.500	04/02	107.2000	-0.400	7.44	7.46	7.84
DENMARK		9.000	11/00	97.4200	+0.270	9.45	9.46	8.99
FRANCE	BTAN	8.500	03/97	96.7883	+0.213	9.38	9.53	8.94
	OAT	8.500	11/02	96.8100	+0.280	8.97	9.18	8.71
GERMANY		8.000	01/02	99.0750	+0.090	8.13	8.15	7.95
ITALY		12.000	05/02	94.3700	+0.375	13.451	14.14	13.36
JAPAN	No 119	4.800	06/99	98.4480	-0.301	5.11	4.96	5.41
	No 129	6.400	03/00	107.6372	-0.479	5.01	4.94	5.18
NETHERLANDS		8.250	02/02	98.8700	+0.130	8.41	8.41	8.27
SPAIN		11.300	01/02	94.8850	-0.715	12.21	12.44	11.65
UK GILTS		10.000	11/96	101-09	+2/32	9.61	9.46	9.09
		9.750	08/02	102-27	+5/32	9.30	9.21	9.02
		9.000	10/08	99-10	-3/32	9.08	9.00	8.83
US TREASURY *		7.500	05/02	106-07	-5/32	6.62	6.68	6.87
		8.000	11/21	106-16	-11/32	7.45	7.47	7.61
ECU (French Govt)		8.500	03/02	94.1100	+0.460	9.45	9.59	8.88

London closing. *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

■ STERLING weakness and funding concerns continue to hold the UK government bond market in check, and gilt prices ended the day either little changed or only slightly higher.

The Liffe futures contract opened at 96.24 and traded up to 96.29 by late afternoon. Dealers said the gilt market was waiting for the Bank of England to make an announcement about its next auction – possibly as early as today.

■ THE Japanese government bond market closed lower with the benchmark No 129 underperforming the rest of the market.

The No 129 is due to relinquish its position as the benchmark bond issue soon, with the No 145 seen as the likely successor. The four tranches of the No 145 become fully fungible in September.

The yield on the No 129 opened at 4.945 per cent, corresponding to the high price of the day, and closed at 5.03 per cent. In the futures market, the September contract opened at 104.95, reached a high of 104.97, and closed at 104.65.

Guinness takes advantage of Bundesbank rule changes

By Tracy Corrigan

GUINNESS, the UK drinks company, yesterday became the first issuer in the D-Mark Eurobond market to benefit from the Bundesbank's new rules on D-Mark issuance, which came into force on Monday.

INTERNATIONAL BONDS

Guinness Finance launched a DM200m three-year issue, the proceeds of which were swapped into floating-rate D-Marks, and will be used to fund the company's German operations.

The company decided not to take advantage of all the Bundesbank rule changes, according to Mr Ian Scott, director of treasury at Guinness. The firm chose a non-German paying agent, US bank JP Morgan (which also arranged the deal through its German subsidiary); but Guinness decided to list the deal on the Frankfurt Stock Exchange to ensure easy access of information for German retail investors, although a German stock exchange listing is no longer required.

The dropping of compulsory German listing under the new rules was expected to pull business to other exchanges with cheaper listing fees.

However, the continuing importance of the German retail investor base to the market appears likely to encourage continued use of the German exchanges.

The Guinness deal is governed by German law and can be cleared through the Kassenverein, the German clearing system, even though these requirements have also been dropped.

The lead-manager reported demand from both German retail investors and international institutions, but dealers said the issue appeared aggressively priced.

Meanwhile, Halifax Building Society issued DM20m of three-year medium-term notes via JP Morgan, using the newly-incorporated D-Mark option on its multi-currency programme.

Abbey National was the first borrower to issue medium-term notes under the new rules, when it place DM50m of two-year notes via Merrill Lynch earlier this week.

Elsewhere, the flow of floating-rate note issues with minimum and maximum coupon levels was unabated. Three German banks yesterday launched a total of $250m of so-called "mini-max" floating rate notes. Commerzbank and Bayerische Vereinsbank each launched $100m of subordinated debt, while Bayerische Hypotheken raised $50m of senior debt through a $1.5bn medium-term note programme.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Bayer.Vereinsbank(b)‡†	100	(b)	100	2002	50/25bp	Merrill Lynch Intl.
Commerzbank(d)‡†	100	(d)	99.85	2002	50bp	Morgan Stanley Intl.
Bayer.Hypo.Bk.(c)‡†	50	(c)	100	1997	(c)	Samuel Montagu & Co
D-MARKS						
Guinness Finance BV(a)†	200	9	101.65	1995	1.5/1	JP Morgan
AUSTRALIAN DOLLARS						
Shell Australia(a)†	100	8	100.125	1999	2/1.5	Deutsche Bk. London

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Subordinated issue. Coupon pays ⅛% below 6-month Libor and payable semi-annually. Maximum interest 10%, minimum 5%. Non-callable. c) Coupon pays 6-month Libor and payable semi-annually. Fees undisclosed. Maximum interest 7% in years one & two, 8% in years three & four and 9% in year five, mimimum interest 4% d) Coupon pays 12.5bp below 6-month Libor and payable semi-annually. Subordinated issue. Maximum interest 10%, minimum 5%. Non-callable.

Executive to step down at leading Danish bank

By Hilary Barnes in Copenhagen

MR Steen Rasborg, chief executive of Unidanmark, Denmark's second-largest bank group, is to resign and the bank will bring in an outsider to take over his job.

The move , announced by the board yesterday, came two weeks before the bank's half-year interim report is due, on August 18. The report will show a pre-tax loss of DKr1.5bn ($267m), reflecting loan loss provisions of DKr2.5bn and unrealised losses on the value of securities of DKr400m.

The result for the full year is expected to be a slightly larger loss than last year's DKr1.7bn, depending on how securities markets perform over the next few months.

Mr Hugo Schröder, supervisory board chairman, said the change at the top was necessary to restore "unconditional confidence," in the bank.

The bank reported losses of DKr1.1bn in 1990 and DKr1.66bn in 1991, but this was not the core of the problem, said Mr Schroder.

"On the last five occasions that the bank has published a report it has predicted an improvement in results, which has given us a bit of a credibility problem," he added.

Mr Rasborg has presided over the bank since its was formed in 1990 from a merger of three banks, Privatbanken, SDS, the savings bank, and Andelsbanken. Mr Rasborg was formerly chief executive at Privatbanken.

Since the merger the bank has been dogged by large loan loss provisions, which increased from DKr2.66bn in 1990 to DKr4.21bn last year.

Privatbanken had a reputation as a bank prepared to accept high-risk business, but Unibank has consistently denied the old Privatbanken portfolio was responsible for a disproportionate share of the bank's losses.

Mr Lars Eskesen, Mr Rasborg's co-director, will take over as acting chief executive until a new appointment is made.

Nippon Credit wins Daiwa backing to reshape affiliate

By Emiko Terazono in Tokyo

NIPPON Credit Bank, one of Japan's three long-term credit banks, has won support from Daiwa Bank for its plan to restructure one of its leasing affiliates, heavily burdened with doubtful property loans.

Daiwa, a leading commercial bank, has agreed to reduce the interest rate on loans extended to Crown Leasing, one of Nippon Credit's three financial subsidiaries. Nippon Credit has been seeking financial assistance from the creditors of its three affiliates and Daiwa's move could draw positive responses from other banks, which have so far rejected the plans.

The move will be the first case where a non-parent bank has agreed to support a non-bank financial company. "We still feel that Nippon Credit Bank should take full responsibility, but we also felt that by rejecting restructuring the problem would only get worse," said Daiwa.

Daiwa has Y70bn ($549.8m) in loans outstanding to Crown Leasing, and said it would reduce the interest rate to 2 per cent from 7 per cent. Daiwa said its interest income on the loans would therefore fall by Y3.5bn.

Nippon Credit is the smallest of Japan's long-term credit banks, which have been responsible for much of the long-term lending for industrial investment since the Second World War. It has been dubbed "Nippon Fudosan (property) Bank" by local bankers, due to its large outstanding loans to property companies compared with other leading commercial banks.

While Nippon Credit claims that outstanding bad loans at its three financial subsidiaries total Y350bn, the figure circulating in Tokyo is as high as Y1,000bn.

Jitters over mounting bad loans at Nippon Credit and its affiliates have caused volatility in Nippon Credit's shares. On the Tokyo stock market yesterday, its shares fell by Y1,000 to Y4,800.

The yields on Nippon Credit's five-year debenture has risen compared with debentures issued by the other two long-term credit banks: Industrial Bank of Japan and Long Term Credit Bank. While until now, their five-year bonds were seen as identical investments, bond traders say investors have started to differentiate the credit value of the three banks.

Malaysian airline seeks M$700m in rights issue

By Kieran Cooke in Kuala Lumpur

MALAYSIA Airlines System (MAS), the partially privatised Malaysian state airline, yesterday announced its one-for-one rights issue, set for the end of 1992, which is designed to raise more than M$700m (US$281.1m) and double its share capital.

At the same time, MAS forecast pre-tax profits of M$372m for the year to March 1993, against pre-tax profits of M$119m a year earlier.

MAS is confident of the success of the rights issue, one of the biggest on the Kuala Lumpur Stock Exchange. It says five substantial shareholders, including Bank Negara, the Malaysian central bank, and the Brunei Investment Agency, have asked for their full entitlement of shares.

At the end of June, MAS agreed a $170m syndicated loan facility with 27 international banks to fund partly its acquisition programme.

MAS is in the middle of a big aircraft acquisition programme and needs the additional capital to prevent further borrowings. It is due to take delivery of 72 aircraft over the next five years, replacing leased jets which make up about half of its fleet.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on August 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	107⅝	108¼		5.12
ALBERTA PROVINCE 9 3/8 95	600	111⅛	111⅝		5.50
AUSTRIA 8 1/2 00	400	110	110½	-⅛	6.74
BANK OF TOKYO 8 3/8 96	100	107¼	107¾		6.12
BELGIUM 9 5/8 98	250	115	115½	+⅛	6.49
BFCE 7 3/4 97	150	106¼	106¾	-⅛	6.13
BNP 8 5/8 94	300	107¼	107¾		4.72
BRITISH GAS 8 3/8 99	350	109¼	109¾	+⅛	6.71
CANADA 9 96	1000	111¼	111½		5.46
CCCE 9 1/4 95	300	109¾	110¼		5.08
CIA NAVIERA PEREZ 9 96	100	99	99½		9.49
COUNCIL EUROPE 8 96	100	107¼	108	+⅛	5.91
CREDIT FONCIER 9 1/2 99	300	114⅝	115¼		6.61
DENMARK 8 1/4 94	150	106⅝	107¼		4.75
DENMARK 9 1/4 95	1571	109¾	110¼	+⅛	5.11
ECSC 8 1/4 96	193	108¼	108¾	+⅛	6.01
EEC 8 1/4 96	100	108½	108¾		5.84
EIB 7 3/4 96	250	106¾	107½		5.74
EIB 9 1/4 97	1000	113¾	114¼	+⅛	6.08
ELEC DE FRANCE 9 98	200	111⅝	112¼	-⅛	6.45
EURO CRED CARD TST 9 94	325	106¾	107½	+⅛	5.56
EUROFIMA 9 1/4 96	100	111⅛	111⅝	+⅛	5.72
EXPORT DEV CORP 9 1/2 98	150	114⅝	115	+⅛	6.45
FINLAND 7 7/8 97	200	106⅝	107	-⅛	6.25
FINNISH EXPORT 9 3/8 95	200	111	111½		5.54
[illegible]					

OTHER STRAIGHTS: [illegible]

DEUTSCHE MARK STRAIGHTS: [illegible]

SWISS FRANC STRAIGHTS: [illegible]

YEN STRAIGHTS: [illegible]

FLOATING RATE NOTES: [illegible]

CONVERTIBLE BONDS: [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. prem=Change expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	25	19	32
Other Fixed Interest	1	3	11
Commercial, Industrial	140	462	835
Financial & Property	58	262	477
Oil & Gas	7	23	56
Plantations	1	1	7
Mines	25	29	95
Others	36	33	59
Totals	293	832	1,572

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

... introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♦ Units comprising 1 Ord. and 1 Zero Div. Pref. share.

TRADITIONAL OPTIONS

- First Dealings Aug. 3
- Last Dealings Aug. 14
- Last Declarations Oct. 29
- For settlement Nov. 9

3-month call rate indications are also shown on this page.

Calls in Crown Eyeglass, Fairline Boats, Glynwed Intl., Hartstone, Haemocell, Midland & Scottish Res., Ratners and Tarmac. Put in Midland & Scottish Res. Double (Put and call) in BP.

LIFFE EQUITY OPTIONS

[illegible]

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Bowater	60	Glaxo	52	Racal Elect	5½	■ PROPERTY		RTZ	47
Brit Aerospace	28	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	65	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	28		
Cadburys	38	ICI	85	Reed Intl	44	Mountleigh	1½		

BOC advance to £251m lifts share price by 17p

By Paul Abrahams

BOC, the industrial gases and healthcare group, yesterday demonstrated its resilience by revealing a 10 per cent rise in pre-tax profits for the nine months to June 30 from £229m to £251m.

Although the results were below expectations, which had ranged as high as £257m, BOC's shares rose 17p to 601p. Earnings per share rose 8 per cent from 30.49p to 33.06p.

Mr Ian Clubb, finance director, warned that there was no clear indication of any improvement in economic conditions in its main world markets.

He said the group would continue to reduce costs and improve operating efficiencies. Turnover increased from £2.07bn to £2.15bn.

Gases and related products lifted operating profits from £207.5m to £217.4m. Requirements for compressed gases, used mainly in welding and cutting, remained poor. However, demand for liquid gases continued to grow, except in the US where the market was flat and in Japan where it was much lower, said Mr Clubb. Cost control measures had ensured that margins for those operations were up slightly at 14.5 per cent.

The healthcare businesses' increased contribution of £76.5m (£68.3m) was, said Mr Clubb, aided by an improved performance at Glasrock, the home healthcare operation. Negotiations are under way to sell Glasrock to Homedco Group, a California-based company, for $72m (£37.6m).

Mr Clubb admitted that third quarter results for the healthcare businesses had been below those of last year. He blamed poor demand for health devices and the weakness of the dollar.

Most healthcare operations' sales were in the US. In addition, the group was spending about £8m a year on development costs at Delta Biotechnology, which the group acquired last November from Bass, the brewing company.

Mr Clubb said BOC continued to enjoy very strong cashflow. Gearing had fallen from 32 per cent to 30 per cent.

Some of the group's debt has been transfered into dollars, which has depreciated against sterling, while also benefiting from lower interest rates. Mr Clubb pointed out that the interest rate differential between the dollar and sterling was 7 per cent.

Overall debt had fallen by £100m since the start of the financial year, of which £40m had been thanks to tightening of working capital, he said.

He warned that if present currency rates persisted, they would have an adverse impact on the translation of overseas results for the year.

See Lex

Trevor Humphries

Ian Clubb: group will continue to reduce costs

Holders take up 43% of BET rights

By Richard Gourlay

SHAREHOLDERS subscribed to only 43 per cent of the shares in the £200.1m rights issue launched by BET to restore some order to the business service group's balance sheet.

Underwriters were not, however, altogether unhappy with the 106m shares they were left holding.

Barclays de Zoette Wedd, the brokers, offered to buy the stock at 107.5p, some 2.5p below the rights price of 110p and enough for the underwriters to break even on the deal after their underwriting commission.

Only 20m of the 106m shares were in fact offered for sale, leaving the bulk in the hands of sub-underwriters happy to hold their stake, the company said.

BET's rights issue was widely recognised as a necessary step towards restoring some stability to a balance sheet bloated by debt and auction market preferred stocks to fund a late 1980s acquisition binge.

But as the stock market fell in the run-up to the closing date of the offer, BET's share price fell, removing the rights issue discount and raising the prospect of a substantial and damaging flop.

In the event, a 43 per cent subscription level appears to border on a successful issue. Shareholders who are daily being unnerved by the state of the markets were wary of taking up their rights when experience of recent new issues suggested they would be left with shares as sub-underwriters.

Yesterday BET closed at the rights price of 110p.

40.3% accept Burnfield issue

Burnfield has received acceptances as to 40.3 per cent of its rights issue of 14.7m new ordinary shares at 165p each. The balance will be subscribed at the same price by the underwriters.

Kleinwort Benson meets expectations with fall to £21.3m

By David Barchard

KLEINWORT Benson Group, the City merchant bank, made pre-tax profits of £21.3m in the six months to June 30, down from £24.7m in the first half of last year.

Provisions for liabilities and charges were £21m against £22m at the end of last year. Specific banking provisions for the period were £15m compared to £29m in the same period a year ago. Net banking provisions were £2m, down from £19m.

The provisions include £5.3m against a future fall in the costs of office space which will have to be let at a lower rent.

The group balance sheet has grown to £9.99bn, up from £9.95bn at the end of last year. Share capital is unchanged at £32m.

Mr David Peake, chairman, said that the results represented a substantial improvement in the performance of the financing division, and that the bank was pleased with the lower level of provisioning, and City stockbroker analysts said that the result was in line with expectations.

"They are a reasonably steady set of results compared to some that Kleinwort has produced in the last few years," one analyst said.

Kleinwort's loan book has fallen from £2.31bn at the end of last year to £2.15bn. The bank says the reduction has come entirely in corporate lending.

Corporate finance, equities, and investment management were all unfavourably affected by poor market conditions.

Merchant banking made a pre-tax profit of £16m, down from £23.4m a year ago, while investment and private banking made £10.6m (£13.4m).

Equities were said to have made a reasonable return on capital, but to have been below last year's levels.

There was a retained profit of £7.2m, against £9.2m last time, and earnings per share slipped from 12.66p to 10.61p. The interim dividend is unchanged at 5.3p.

Sutcliffe Speakman reduces loss

SUTCLIFFE Speakman, which has restructured to focus on the core carbon and environmental design equipment business, cut its loss to £800,000 in the second half.

That resulted in a deficit of £2.1m for the year to end-March against £14.4m the year before. Losses per share were 1.7p (62.6p). Arrears of dividend on the preference capital totalled £266,000.

By the year-end shareholders' funds had been turned round from a negative £3.22m to a positive £10m, with net current assets at £2.34m against liabilities of £11.8m.

In the past year turnover from continuing activities was £30.7m (£36.5m) and from discontinued operations £851,000 (£12.5m), with operating losses of £737,000 (£6.9m) and £150,000 (profit £299,000) respectively.

In the second half the continuing businesses cut losses to £45,000.

Simon Engineering to refocus

By Angus Foster

SIMON Engineering, touted since 1990 as an environmental play, has decided to sell most of its environmental division and will concentrate on other core businesses.

Simon is in discussions with two overseas companies about the sale of its waste water treatment and environmental consultancy businesses, which had turnover of about £90m last year.

Mr Brian Kemp, chief executive, said the businesses had been disappointing, despite their longer-term prospects. "We've seen a slowdown in environmental legislation and people have deferred expenditure," he said.

Since 1990, when it had a rights issue, Simon has spent about £25m building up the division. The company hopes to raise at least £40m from the sale, Mr Kemp said.

Simon announced yesterday that interim profits had fallen sharply because of the continued recession and a higher interest charge following last year's £52m purchase of Robertson Group, the geological consultant.

Pre-tax profits dropped from £10.4m to £6.05m in the six months to June 30, and Mr Kemp said he was "cautious" about the full year. Turnover increased to £235.4m (£218.1m) helped by acquisitions.

Pre-tax profits from access equipment fell to £2.3m (£4m) but improved from last year's very weak second half.

Orders in the US have shown a slight improvement, Mr Kemp said.

Industrial services, which includes Robertson, slipped to £5.5m (£6.3m) because of a poor first quarter from US chemicals.

Interest charges increased to £2.88m (£2m) and gearing rose to 40 per cent, with net borrowings of £51m, compared with 29 per cent at the year end.

Earnings dropped to 3.8p (8.2p). But the dividend is unchanged, and uncovered, at 5p.

Simon's shares, which fell sharply last month, recovered 4p to 185p.

● **COMMENT**

Shareholders who stumped up for the rights issue, partly designed to build up the environmental division, may feel a bit perplexed by yesterday's news. Even if they are prepared to overlook the change in strategy, they will be less happy with the share price, which has underperformed its sector by 40 per cent in the past two years. Most of the damage has been done by profit downgradings and uncertainty over the dividend, which is almost certain to remain uncovered this year. Simon is financially more sound than some, and proceeds from disposals could repay most borrowings. But as economic recovery appears ever more elusive, Simon's reliance on late cycle sectors such as construction makes its own recovery ever distant, possibly not until 1994. Forecast full-year profits of £17m, compared with £18.3m last time, put the shares on about 15 times. The 11 per cent yield gives the shares a useful safety net, but the upside appears limited.

Simon in $15m access expansion

By Andrew Baxter

SIMON Engineering, the world's largest access equipment company, is paying up to $15m (£7.8m) for Hi-Ranger line of truck-mounted hydraulic platforms from Utility Equipment Corporation, the private US group.

The deal continues the process of consolidation in the £1.2bn world access equipment industry, in which Simon has played a key part with a string of acquisitions during the past 15 years.

The consideration involves an initial $2.5m cash payment, an additional $2.5m over the next five years, and further sales-related payments up to a maximum of $10m.

The complex deal has taken three years to negotiate, and excludes Hi-Ranger's US manufacturing plant. Its production of about 600 machines a year, for turnover of $20m, will be switched to existing Simon plants in the US.

BP and Italians reveal details of styrene venture

By Haig Simonian in Rome

BP CHEMICALS and Enichem, the Italian state-owned chemicals group, yesterday fleshed out details of their broad strategic alliance announced in May with a memorandum of understanding to set up a joint venture in styrenes.

Styrenes and polystyrenes were the two chemical products identified by the companies as suitable for possible synergies through collaboration at the time of their original agreement.

Under a new company, Styrenics Joint Venture, they will pool their activities in styrene monomer, polystyrene, expandable polystyrene and styrene acrylontrile resins. Annual sales of L1,000bn (£467.94m) are expected.

Formation of the concern – subject to approval from the European Commission – will create a producer with annual capacity of about 700,000 tonnes of styrene monomers and a similar amount of styrene polymers.

It will rank equally with BASF of Germany as Europe's biggest styrene group and among the world's top five producers, and should be formed by early next year.

The interim period will probably be taken up assessing the value of the businesses being contributed by the two partners. Although EniChem's output is much higher, it is not expected to be the bigger shareholder in Styrenics. A company official said final ownership levels had still to be decided, but would be "balanced" between the two.

EniChem makes about 520,000 tonnes of styrene polymers, against BP Chemicals' 170,000, while its output of styrene monomers is about double that of the UK group.

The deal reflects the strategy of EniChem, which lost L742bn after minority interests last year, to pick partners in a variety of product areas in order to raise market share and cut costs.

Manweb's canteen meeting cuts costs

By Ian Hamilton Fazey, Northern Correspondent

MANWEB, the electricity supply company serving Merseyside, west Cheshire and north Wales, yesterday cut the costs of its annual meeting by holding it in the staff canteen at its headquarters in Chester.

The £250,000 bill is a 37.5 per cent saving on the £400,000 for last year's event, held in a large marquee on Chester racecourse. Displaced staff were provided with "airline" meals to eat at their desks.

And there should be further economies, as Mr Bryan Weston, chairman, explained to complaining shareholders. An £85,000 tailor-made, lean-to tent, clipped to the side of the building to provide a reception area, should be re-usable for about 10 years and could possibly be hired out.

About 750 people attended last year, nevertheless the company was worried there might not be room for reporters, so decided not to invite any. This year it countered suggestions this was a bar on the press – following niggling questions last year on the chairman's salary – by letting in any who turned up, provided they agreed to sacrifice their seat to a shareholder if required.

With only 437 shareholders present, in a canteen which holds 1,000, this proved unnecessary.

The chairman and male directors demonstrated their "coats off" commitment by conducting the meeting in their shirtsleeves. Mr Weston, was soon challenged on his 37 per cent increase in pay and perks to £214,000 last year.

This was described as "obscene" and "a crime" in the present economic climate but was vigorously defended by Mr Eryl Morris, a member of Courtaulds' main board, who is also a non-executive director of Manweb and chairman of its remuneration committee.

After a bilingual greeting of "Bora da and good morning" to emphasise Manweb's role in supplying most of the world's Welsh speakers with electricity, Mr Morris said earnings per share had risen by 71 per cent, so the directors had earned their bonuses.

Salary increases had enabled Manweb to recruit two new top-class executive directors, he added, but the rises had been a one-off adjustment. The directors were getting only 5.5 per cent, the same as the staff, this year.

He did not reveal whether they would be eating airline lunches yesterday.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Anglo American Indl. Corp., Fairway, Plateau Mining, SKF.

Finals- Alliance Trust, MMI, SEET, Wholesale Fittings.

FUTURE DATES

Interims-	
Assoc. Fisheries	Aug 13
Boustead	Aug. 25
GT Chile Growth Fund	Aug. 18
Lionheart	Aug. 24
McAlpine (Alfred)	Aug 20
Tullow Oil	Aug. 13
Vodafone	Nov 24
Finals-	
Armitage Bros	Aug. 11
Astec (BSR)	Sep. 1
Conder	Aug. 28
Goodhead	Sep 8
Jos Hldgs	Aug 19
Polypipe	Sep 17
US Smaller Companies	Aug. 17

NEWS DIGEST

Abbey improves to I£1.5m

ABBEY, the Dublin-based housebuilding and plant hire group, achieved a significant improvement in pre-tax profits from I£354,000 to I£1.55m (I£1.46m) in the year to April 30 and is resuming a dividend payment.

However, at the operating level profits fell to I£215,000 (I£1.57m) and the pre-tax result was after interest received of I£1.33m (I£1.22m charged).

Abbey's housebuilding activity is based almost entirely in the south-east of England and the company said that, despite the continuing deterioration within the residential sector, Abbey Developments achieved an operating profit of I£890,000 and completed 408 sales at an average price of £73,000 sterling.

The plant hire division was suffering one of the most difficult trading periods in recent years and M&J Engineers reported an operating loss of I£370,000.

At present the group had a strong balance sheet and nil gearing.

Turnover declined to I£42.4m (I£59m). Earnings per share worked through at 2.7p (0.61p) and the proposed dividend is 1p.

TR City of London net asset growth

TR City of London Trust saw its net asset value rise from 110.5p to 112.8p per share over the 12 months ended June 30 1992.

Gross revenue for the year improved from £15m to £15.7m, while earnings per share increased from 4.65p to 4.76p.

The fourth quarterly dividend is 1.19p for a total of 4.76p, compared with 4.56p.

Since the year-end the trust has maintained liquidity and will be looking for buying opportunities ahead of "a likely decline in interest rates and a slow economic recovery in 1993".

AAF little changed at £2.26m

Pre-tax profits at AAF Industries increased slightly from £2.22m to £2.26m in the six months to June 30. Mr Jeffrey Liebesman, chairman, said it was a steady performance in a tough business environment.

The company, the ultimate holding company of which is FS Group of South Africa, has interests in wheel and modular buildings manufacture.

Turnover for the period was £35.3m (£31.1m). Earnings per share came out at 11.6p (11.4p). The interim dividend is 5p, compared with last time's 5p, which included a special payment of 0.5p.

Blacks Leisure acts to reassure investors

The directors of Blacks Leisure acted yesterday to reassure investors following the substantial fall in its share price earlier this week.

The shares have slid slowly from a peak of 130p last November. On Wednesday they lost 12p to close at 41p. Yesterday, however, they recovered by 2p to 43p.

The directors said they believed Wednesday's decline had been caused by a sale of 100,000 shares at a price substantially below the market rate.

They added that although trading remained difficult, as indicated in the chairman's statement in May, strong core businesses, together with a strong balance sheet, positioned the company to take advantage of an eventual upturn.

It was too early to make a dividend forecast, but the directors were mindful of shareholders' income requirements.

Ladbroke calls off bets in Flanders

Ladbroke Group, the leisure concern, is closing 60 loss-making betting shops in Flanders. Turnover had been hit by last year's rise in local betting duty from 11 to 15 per cent.

The group will still have more than 700 betting shops in Belgium as a whole.

Assets decline at Anglo & Overseas

At June 30 1992, net asset value at Anglo & Overseas Trust came to 311.1p, compared with 328.2p a year earlier.

In the six months ended that date, gross revenue fell to £7.89m (£8.37m), leading to earnings per share of 3.29p (3.39p).

The interim dividend is unchanged at 1.7p.

Racal to publish Chubb details

Racal Electronics said it would publish on September 16 details of the proposed spin-off of its Chubb security business.

If approved by shareholders at an EGM, the spin-off would take place in October, making Chubb an independent company with a market capitalisation of about £500m-£600m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AAF Industries	int	5☆	Dec 4	5♥	-	11♥♥
Abbey	fin	0.1♣	-	nil	0.1	nil
A-Overseas Trust	int	1.7	Sept 17	1.7	-	6.45
Barclays	int	9.15	Oct 8	9.15	-	21.15
BP	qty	2.1‡	Nov 7	4.2	-	16.8
Kleinwort Benson	int	5.3	Oct 19	5.3	-	16
Rotork	int	4.85	Oct 30	4.25	-	10
Simon Eng	int	5	Jan 4	5	-	15.7
TR City London	qty	1.19	Aug 28	1.14	4.76	4.56

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆Gross. ♥Includes 0.5p special. ♥♥Includes special 1p. ‡Makes 6.3p (8.4p) to date. ♣Irish pence.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 07.08.92: Pool purchase price £/MWh	Final Prices for Trading on 10.07.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.71	19.30	19.30
0100	17.71	17.80	17.80
0130	17.71	17.80	17.80
0200	17.70	17.80	17.80
0230	17.70	17.80	17.80
0300	17.70	17.80	17.80
0330	17.70	17.80	17.80
0400	17.70	17.80	17.80
0430	17.70	17.80	17.80
0500	17.70	17.80	17.80
0530	17.70	17.75	17.75
0600	17.70	17.70	17.70
0630	17.70	18.00	18.00
0700	19.84	21.81	23.73
0730	21.29	26.46	28.55
0800	23.72	26.46	28.49
0830	24.53	26.47	28.44
0900	26.40	28.02	30.05
0930	26.95	28.04	30.01
1000	26.95	28.05	30.01
1030	26.95	28.06	30.01
1100	26.95	28.07	29.99
1130	26.95	28.09	30.02
1200	26.95	28.11	30.03
1230	26.95	28.11	30.02
1300	32.93	28.07	29.99
1330	28.40	28.02	29.96
1400	25.93	26.47	28.32
1430	25.93	26.46	28.36
1500	25.93	26.46	28.38
1530	25.93	26.46	28.37
1600	25.93	26.46	28.37
1630	25.93	28.01	29.95
1700	25.93	28.01	29.94
1730	27.99	28.01	29.93
1800	27.99	28.01	29.95
1830	25.93	25.38	27.29
1900	24.53	25.01	26.92
1930	23.83	25.01	26.94
2000	23.72	24.66	26.59
2030	22.00	23.87	25.78
2100	23.31	23.78	25.69
2130	27.99	23.62	25.53
2200	27.99	23.78	25.69
2230	23.31	23.78	25.69
2300	23.31	23.27	25.17
2330	22.80	22.64	24.54
2400	21.29	20.58	22.39

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456788 between 8-30am and 5-15pm Monday to Friday.

Enthusiast set on avoiding pitfalls of runaway success

The launch of a new model has widened TVR's appeal. But its owner is not fazed, says John Griffiths

MR PETER Wheeler increased his output of cars by a quarter and quadrupled his profits last year in the depth of the UK car markets slump.

The £750,000 profit might just have covered the cost of developing a new door handle for a volume car maker. It was achieved on output of 800 cars and turnover of £14m, a sum which General Motors generates world-wide in an hour.

But it is not financial performance which is preoccupying Mr Wheeler, a former accountant who bought TVR, the Blackpool-based sports car maker, a decade ago.

TVR is suddenly being taken seriously by a wider world than the die-hard enthusiasts who have kept it in business – through several owners and sometimes precariously – since it first began making sports cars in 1954.

Mr Wheeler had already overseen the launch of several new models and a steady increase in output since he took over. Then came the 1990 UK motor show and the display of a prototype which, only weeks previously, had been simply a sketch on his cigarette packet.

The motoring press fell over itself to praise the car. The internationally-respected Car magazine compared its styling favourably with Ferrari. Called the Griffith, after a 1960s TVR two-seater, it has just gone into production and well-known owners already include Mr Creighton Brown, head of McLaren's road car project.

Mr Wheeler's problem is what to do about a lengthening order book, which leaves would-be owners with waits of up to a year.

This year TVR's 200 employees should be able to squeeze between 950 and 1,000 cars out of its motley collection of buildings at Lytham St Annes, on the outskirts of Blackpool. But orders for the Griffith alone are approaching this level, and it is only part of a range of TVR cars.

Additional capacity would thus appear to be a safe investment, and fairly cheap because TVR tubular steel chasses are welded manually and bodies are moulded from glass reinforced plastic, avoiding the high cost of metal machine tooling.

But Mr Wheeler says the motor industry graveyard is overflowing with small sports car makers whose optimism overtook their judgment and he has no intention of joining them.

So he does not envisage TVR ever making the 2,000 a year some suggest as a target – "times will certainly get worse again." Also, he points out, obtaining skilled labour is difficult in a region better known for tourism than industry.

By intensive training of very small groups of extra workers, Mr Wheeler thinks 1,500 annual output might eventually be feasible. But he professes another reason for caution:

"I've never made anyone redundant in my life. And I don't intend to start now. I'd put prices up rather than do that."

That might sound naive, but TVR does not follow normal "what the market will bear" pricing policies. "We cost the car, put a small margin on it, and then the dealer margin. We don't even look at other cars to fix the price; so the customer gets a cost-plus car."

The result, in the case of the Griffith, is a Porsche 944-sized two-seater with essentially a racing car chassis and performance similar to a Ferrari.

The Griffith, named after a 1960s TVR two-seater, has just gone into production

Its £26,000 price "is because we haven't spent any money persuading anyone that's it's worth £45,000. We're not paying any money for marketing machinery; with others you're paying for the Le Mans reputation, not the car itself."

TVR's marketing policy, observes Mr Wheeler, "is zero; it doesn't exist." It produces brochures, but leaves promotion to its dealers.

Its management traditions reflect the cars: simple and slightly raw-edged. There is no finance director – "the company secretary looks after all the accounts."

With Mr Wheeler answerable to no shareholders, TVR is fuelled by earnings and bank borrowings. "So we have to generate a small amount of profit to keep everyone happy. In the past few years we've usually made about £250,000 net. Now it's much closer to £1m."

Mr Wheeler professes to care little about bottom lines – only that there should be adequate development cash. "During the whole of the past 10 years TVR has never seriously tried to make any money. We've tended to spend every penny on development – and probably not been cautious enough with the pennies."

It seems an extraordinary way to run a business. But then Mr Wheeler, having become wealthy enough to retire from the chemical engineering business in his 40s, says he bought the business out of an interest in cars, not commercial ambition.

"My life plan was to retire the day I bought this place. The end result is that 10 years later I have wound up working harder than ever before in my life. You've got to know and love building cars, and I suppose we're trying to do what GM does, but with no resources. That's got to be the most challenging thing going."

Despite his carefree air, financial monitoring in reality is tight. No cars are built for stock and Mr Wheeler insists that the company makes, and is audited to make, profits each month.

One claimed reason for TVR's survival should, according to motor industry convention, actually be sinking it. A high proportion of cars and tooling are made "in-house", whereas larger car makers are increasingly curbing costs by becoming assemblers of outsourced parts.

"We would wind up paying ridiculously high prices for 1,000 components a year from motor industry suppliers ordinarily used to 60,000 a year", says Mr Wheeler. "Either that, or we would have to accept very high stocks. So it really does pay us to stock raw material and fabricate it using our own labour, no matter what anyone else might say."

Profitability should be much increased by the Griffith, which is designed for much easier construction – 200 man-hours against more than 400 required by some predecessors.

The Griffith has no visible body seams, being produced in a few very large moulds in which the glass fibre has to be laid by hand. "The Japanese, or anyone else, can't copy it, or make anything like it, unless they're prepared to make it by hand as well."

TVR buys V8 engines and gearboxes from Rover, but they are built to specification and made much more powerful by 25 employees at TVR Power, a subsidiary in Coventry.

There are distributors in Germany, Japan, France and Italy, but not in the US. "TVR's been in and out of there four times, and it's been the ruination of countless European companies. It's worse than the Middle East – you've got to be as strong as GM or forget it."

TVR would like more UK dealers than its current 18, but finding them is difficult. "What we need is enthusiasts with money; what's usually on offer is large companies with plenty of money but no enthusiasm, or enthusiasts with no money."

Mr Wheeler does not rule out eventually selling TVR or taking it public, but regards both as a distant prospect.

"Taking it public would certainly be an exciting gamble. But then I suppose you'd have to have all those glib-talking finance directors ...."

Rotork advances 11% and forecasts further progress

By Jane Fuller

ROTORK, the Bath-based valve control maker which exports three quarters of its products, lifted its pre-tax profit by 11 per cent in the six months to June 30.

On turnover of £26.9m (£25.1m), the profit advanced to £4.84m (£4.35m) after the receipt of £400,000 in interest. The share price gained 6p to close at 323p.

Mr Tom Eassie, chief executive, attributed the group's strong performance to "not being tied to the UK economy". It also serviced basic industries providing fuel and heat, electricity and water. The proportion of its business that did lie in the UK had benefited from strong demand from the water companies.

About 80 per cent of turnover came from the actuation division. Mr Eassie said the operation had a dozen overseas companies selling its valve control products. Fruitful areas had been the US oil and gas sectors, the Middle East and the Pacific Rim. The business was driven by margin, not turnover.

Rotork Instruments, which provides emergency shut-down systems, did not reach its interim turnover target but a good final quarter was in prospect. Rotork Analysis, a small venture in pollution monitoring equipment, was trading profitably.

The group had added £800,000 cash to the £11m held at the year-end.

With the order book ahead of last year, further progress was expected in the second half.

Earnings per share rose to 10.5p (9.3p) and the interim dividend goes up to 4.65p (4.25p).

Inchcape insurance arm buys into French broker

By Jane Fuller

BAIN Clarkson, the insurance broking subsidiary of Inchcape, is expanding its activities in continental Europe through the purchase of a minority stake in France's third largest broker for £15.2m.

The deal involves Bain Clarkson initially taking a 25 per cent holding in Compagnie Européenne de Courtage d'Assurances et de Réassurances (Cecar). It also entails Bain's French subsidiary, Rouge Clarkson, being sold to Cecar for loan stock. The conversion of this stock to equity in 1996 will take Bain's holding in Cecar up to 34 per cent.

Cecar's gross brokerage income was FFr 370m (£39m) last year. Mr Simon Arnold, chairman of Bain, said its contribution would be substantially more than current French earnings, although less than 10 per cent of all the group's insurance activities.

Last year insurance services – mostly under the Bain Clarkson name – made an operating profit of £18.6m out of a total of £222.2m (before central costs) for the whole of the Inchcape motors and business services group.

Norton awaits another rescue

By Jane Fuller

NORTON, a famous old name in motorcycling, will be born again in corporate terms if £2.5m of new equity can be placed with institutions.

Norton Group is under investigation by the Department of Trade and Industry and its shares have been suspended since March last year because of a failure to produce results.

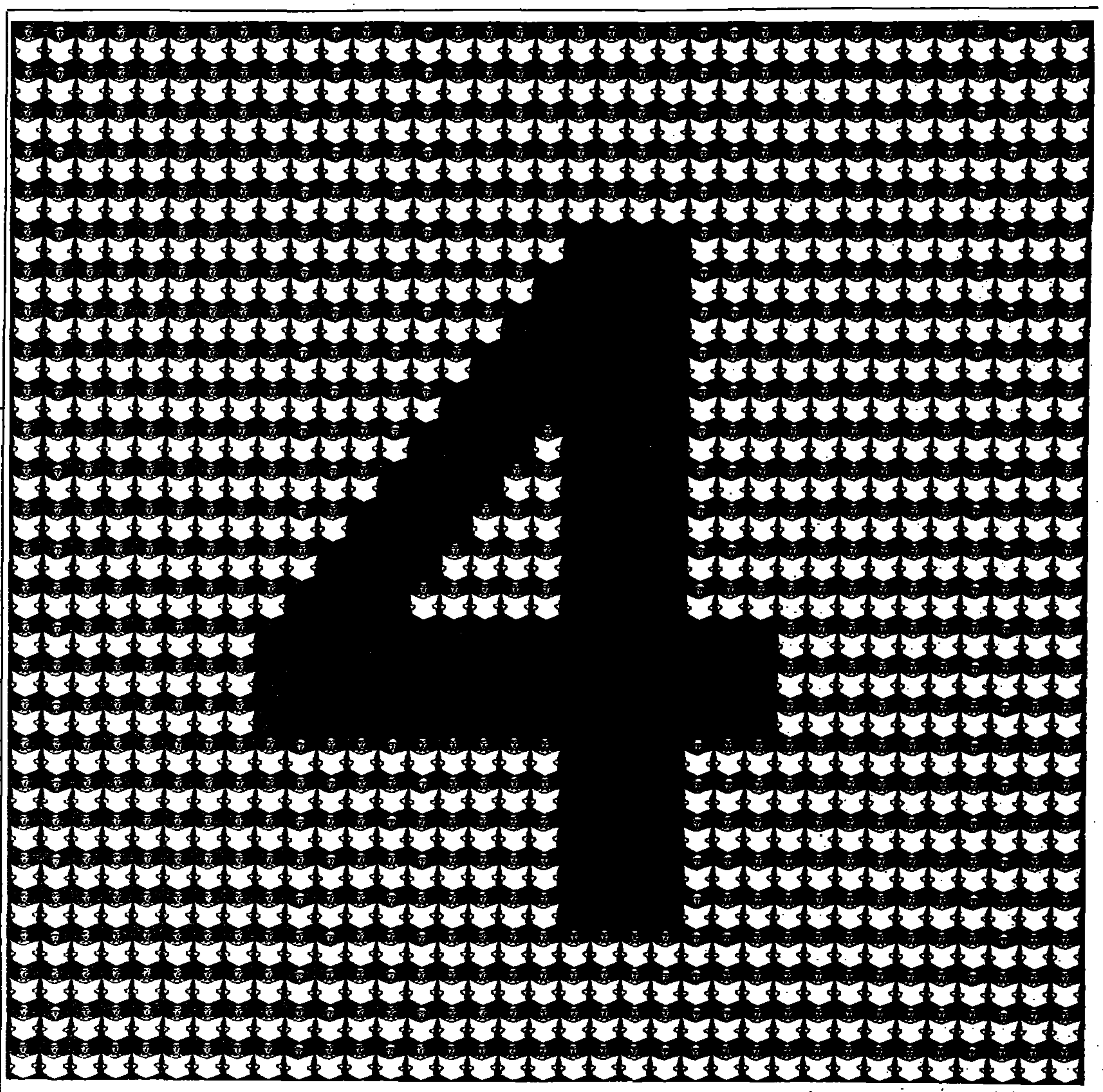
If the refinancing goes to plan, it will not be the first time that Norton has risen from the ashes. It came close to collapse in the early 1970s and the first, abortive, resurrection attempt involved a workers' co-operative at the Meriden works, near Coventry.

In 1986 the shell company was revived by Mr Philippe Le Roux, a motorcycle fan and former merchant banker. He resigned as chief executive in January 1991.

A new management has disposed of a problematic German fasteners subsidiary. Other problems have included trading losses of £2m at Norton Motors in 1990-91, and borrowings of about £6m. Mr Norman Wilson, a director, said motor losses were cut to £47,000 last year.

Under the refinancing plan, those subscribing for the £2.5m of shares would own the bulk of a new company – still keeping the Norton name – which would be listed; existing holders would also be offered a stake. The remainder of the debt with Midland Bank would be rescheduled "to give us a breathing space", Mr Wilson said.

The company, which makes rotary engines and has a profitable US piping components subsidiary, has not produced a motorcycle for two years. The F1 racing bike was priced at about £13,000, but lost money. Mr Wilson said a new motorcycle would be brought out in the next couple of months aimed at "the more commercial end of the market".



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ACCOUNTANCY COLUMN

Graduates who fail credibility test in the real world

Sunjay Kakar explains why many firms favour recruits with seemingly non-relevant qualifications

ACCOUNTANCY firms are turning their backs on accountancy graduates. They are seeking instead graduates with other degrees, believing they have the skills and attributes necessary for success in the profession.

In a letter this summer to an accountancy graduate, Mr Martin Rooney, a partner at F.W. Smith Riches, a London firm, says: "From my own experience I have come to the conclusion that non-relevant [non accountancy] graduates are best able to cope with the pressures of work and passing the examinations. I have therefore restricted my firm's recruitment, for the last couple of years, to non-relevant graduates only. Accordingly, I will not be in a position to process your application form."

The graduate in question says: "I have spent three years studying an accountancy degree thinking it would help me become an accountant, so their decision has made me change my mind about the profession. But some firms are completely out of their heads because they think an accountancy degree is just about number-crunching."

But Mr Rooney defends his decision. "Having a degree shows an indication of ability to think logically and plan thoughts, but accountancy graduates are less willing to accept that they have to start at the bottom and learn," he says. "In the first two years, the job can be very mundane and even an accountancy graduate with a first would have great difficulty in settling down."

There are a few exceptions. Mr Wayne Barnett, a partner with Jayson Newman, says: "I find accountancy graduates easier to train because at least they have shown a commitment to their choice of career and have a feeling for the subject."

But the firm is in a minority in its willingness to take graduates of accountancy, in spite of the breadth of the subject, which covers topics such as company law, psychology and organisational methods.

Accountancy firms who prefer non-relevant graduates point their fingers to the pass rate statistics for PE1 – the first year chartered accountancy professional exams – and argue that the best and brightest graduates are in engineering, science and maths - but not in accountancy as might be expected.

Just how important the statistics are to accountancy firms can be seen at Touche Ross, where an accountancy graduate is required to have at least a 2.1 to apply for an interview, but a non-relevant graduate can apply with a 2.2. Only 20 per cent of the firm's intake is accountancy graduates.

Mr Nigel Llewellyn, the national recruitment partner, says he is "surprised people are surprised" that the figure is not higher. He argues that the statistical trend is so consistent that he cannot ignore it. "Some people think it is unfair for us to be so strict, but we think it is unfair for us to relax our standards," he says.

But why use the pass rate statistics to select graduates? The answer is best summed up by Mr Stephen Boley, the national director of graduate recruitment at Coopers & Lybrand. "We want the best graduates – even if 75 per cent of them are not accountancy graduates," he says.

Several suggestions have been put forward to explain why accountancy graduates are under-performing at PE1.

Ms Debbie Bryant, senior recruitment manager at Price Waterhouse, says: "Students with a degree in accountancy can often become over-

'Accountancy graduates are not too hot at constructing a balance sheet in 25 minutes'

confident of passing the PE1 exams. They tend to fall down because they don't appreciate the volume of studying necessary. They need to understand the question and apply what they've learnt."

Mr Richard Parnell, a director at Robert Walters Associates, the financial recruitment firm, believes that accountancy graduates have the theoretical grounding but cannot apply this to the practical nitty-gritty of PE1. "Accountancy graduates are not too hot at constructing a balance sheet in twenty-five minutes," he says.

Nevertheless, there is a case that some accountancy firms are getting carried way with statistics. Mr David Clifford, the National Student Recruitment Partner at KPMG Peat Marwick, says: "Obviously it is important for students to pass the exams, but it can also be very useful to look at how students approach the exams."

Ms Jo Magne, national personnel manager at Moores Rowland, says that past examination performance is the fairest measure so far identified as a measure for pre-selection. He argues that while the number of applicants continues to greatly exceed the number of places, firms must use some means of sorting through hundreds of application forms.

This is disheartening news for accountancy graduates, but there are suggestions that the situation can be improved. Ms Jackie Wynn, recruitment manager of The HAT Group of accountants, argues that degree courses in accountancy should be made more practical.

"We have to unlearn everything accountancy graduates have been taught and start all over again," she says. "They haven't even covered the basics in enough depth, if at all, especially in double-entry book-keeping."

Mr Boley says he would encourage more academic departments to teach accountancy through group work. "Accountancy is not just about auditing. It may be about auditing initially, but in the long term students become business advisers," he says.

An analysis conducted by Coopers & Lybrand suggests that accountancy graduates are a burden on industry because they frequently have an inadequate ability to discuss, communicate or negotiate with others. This raises the question of whether the existing degree courses in accountancy should be overhauled. Yet accountancy courses remain very popular, and not all their graduates want to enter the profession. Just how popular an accountancy degree course is can be seen at Manchester Polytechnic, where last year there were 3,500 applications for the 100 places on an honours Accounting and Finance course.

Ms Sue Harvey, head of careers at the Polytechnic of North London, says: "An accountancy degree is not just a passport to a career in accountancy. I have seen a number of accountancy graduates go into other financial areas such as Banking or the Tax Inspectorate, and also commercial areas such as sales and marketing."

But what about accountancy graduates that want to become accountants? Ms Magne stresses that applicants should focus on firms which are sympathetic to the qualification (the student recruitment department of the Institute of Chartered Accountants in England and Wales publishes a list each autumn) and make sure they stress "not only numeracy, but also other skills and attributes".

But, as in any subject, the result is of vital importance. Ms Faith Jenner, UK director of personnel and recruiting at Arther Andersen, says: "My advice is, generally, accountancy graduates with a 1st or 2.1 will probably have the aptitude for the professional exams, but those with a 3rd should think carefully about whether they are suited to the profession."

Sunjay Kakar is an accountancy graduate who decided against a career with an accountancy firm.

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He moved to television in 1985 as presenter/reporter of the Midlands Today nightly news and current affairs programme. He began his own consultancy, Brian Conway Associates, at the beginning of 1991, to provide advice and training in communications techniques. Companies whose personnel he has trained include British Coal Opencast, Federal Express, Pedigree Petfoods, Forward Trust Group, Hoffmann-la Roche, Nissan Europe and Esso.

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JONATHAN WREN EXECUTIVE

COMMODITIES AND AGRICULTURE

Developing the last great oil frontier

Western moves to exploit ex-Soviet reserves are gathering pace, writes Neil Buckley

THE PROBLEMS and risks may still be legion, but moves by western companies to exploit oil reserves in the former Soviet Union are gathering pace.

While the floodgates have yet to open, almost all major western companies have involvement of some kind – and a number of smaller companies have proved that they too can do deals with the former Soviet republics. Only this week, it was announced that a venture that is seeking to become the first integrated Russian oil company with a listing on the London stock exchange had been officially registered.

The Siberian Oil Company (Sinco) has been formed by Eurosov Petroleum, a private company backed by US and Australian oil interests, together with 16 Russian shareholding enterprises. It has licences to exploit 20 fields in the Tyumen region with recoverable reserves estimated at 1.74bn barrels.

Joint ventures with local producers remain the most popular means of entry into the former Soviet industry. The first was Yuganskfracmaster, made up of Canadian Fracmaster, Shell, and the west Siberian producer Yuganskneftegaz.

This undertakes well treatment at fields in the Yugansk region and has managed to make satisfactory profits by exporting incremental oil production as payment for its work.

The first US-Soviet venture to get approval to pump Siberian crude oil to the world, the much-trumpeted White Nights project, has had more variable fortunes.

Formed in 1990 between US oil companies Phibro Energy and Anglo Suisse and the western Siberian producer Varyeganneftegaz, it began producing last year from the Tagrinskoye and West Varyegan fields near Raduzhny, 2,400 km (about 1,500 miles) north-east of Moscow.

It was, however, hit hard by the high costs of employing expatriate workers and the effects of the Ecu26 a tonne (about $5 a barrel) export tariff imposed by the Russian government just before Christmas – from which it was only recently granted exemption.

Undaunted, the White Nights partners are still preparing to embark on a bigger project, called Golden Mammoth, to develop four fields in western Siberia.

Reserves are estimated at 400m barrels, and Mr Gil Labbe, president of Anglo-Suisse, recently said investment was planned of between $150m and $200m.

The recent offer by the Russian government to exempt "serious" foreign investors from the punitive export tariff may help take the brakes off investment. Other joint ventures to benefit from exemption are Conoco's Polar Lights project, a $3bn development of three oil basins in the autonomous republic of Komi, west of the Ural mountains and close to the Arctic Circle.

The other is KomiArcticOil, for which Gulf Canada is the operator, with partners British Gas and local producer Komineft. This has been producing about 8,000 b/d from Komi's Vozey and Upper Vozey fields since last December.

Komi has been a centre of interest for western companies that are beginning to go beyond production-boosting agreements, to sign new exploration and development deals.

Total, the French oil group, signed a production-sharing contract with Komineft in May, to develop the 250m-barrel Khariaga field in Komi's Timan Pechora basin.

The company expects to invest $400m over two and a half years to bring the field on stream, and a total of $1bn over the life of the field.

Occidental Petroleum, the US major, had long-established links with the former Soviet Union through its founder, Mr Armand Hammer, once a friend of Lenin. The company announced in June that a subsidiary, Occidental of the Republic of Komi, would begin exploration activities as soon as possible on a 1.5m-acre (600,000-hectare) block in the Timan Pechora basin, after winning exclusive exploration and exploitation rights with local petroleum enterprise Ukhtaneftegasgeologia.

Another US major, Texaco, is negotiating a significant production-sharing agreement in Timan Pechora.

Several other joint ventures have been announced since the demise of the Soviet Union. Pennzoil, the Texas-based natural resources company, said in January that it was forming a joint enterprise with Agansk Geological, to be called the Siberian American Oil company. The venture will develop the 45m-barrel West Mogotlorsk field in the Tyumen region of western Siberia – Russia's biggest oil-producing area.

In the transition towards competitive tendering for licences, however, some companies are running into problems.

Premier Consolidated Oilfields, the UK independent, secured exclusive rights to study the Caspian Sea's 100m-barrel Inchke More field last October and hoped this would lead to a full development contract. Instead, a competitive tender has been called, although Premier remains confident that its early work will give it a competitive advantage.

Premier is not the first western company to find the rug apparently pulled from under its feet.

The so-called 3M group, consisting of US companies Marathon Oil and McDermott and Japan's Mitsui, carried out a feasibility study on developing oil and gas offshore of Sakhalin island in the Russian far east. This was superseded by a competitive tender, only to see 3M come out the winners.

There is, apparently, no such threat to the deals reached by the French major Elf Aquitaine, which was the first western company to sign significant exploration deals with both Russia and Kazakhstan, after nearly three years of painstaking negotiation.

Elf has two blocks of almost 20,000 sq km (7,700 square miles) between the cities of Saratov and Volgograd in Russia, and south-west of Aktyubinsk in Kazakhstan. The Russian deal was recently ratified by the Russian parliament, and Elf has said it expects up to 20 per cent of its reserves to lie in these regions by the end of the century.

In the race to attract western investment, Kazakhstan has scooped up by far the biggest deals. Three months after the Elf deal, it reached a long-awaited agreement with Chevron, the fourth largest oil company in the US, to develop the huge Tengiz and Korolev fields with estimated recoverable reserves between 6bn and 9bn barrels.

Less than two months later, British Gas and Agip, the Italian state-owned oil company beat off competition from British Petroleum and Norway's Statoil to win exclusive negotiating rights to develop the Karachaganak field. The field contains 20 trillion (million million) cubic feet of gas, and 2bn barrels of oil and condensate.

Kazakhstan also has deals with Oman and with the privately-owned Turkish engineering company United BMB group, which signed a $1.7bn deal to exploit four oilfields and construct a gas-fired power station at Aktyubinsk.

Moreover, Mobil, BP and Chevron are said to be negotiating with Kazakhstan on the Tesh-Tali in the Caspian Sea.

Kazakhstan's southern neighbour Uzbekistan also recently reached agreement with the Stan Cornelius Consortium, a group of US investors, to develop its Mingbulak field, with estimated reserves of 800m barrels.

Even before the break up of the Soviet Union, the Caucasian republic of Azerbaijan, which also has extensive reserves,selected US major Amoco, together with partners Unocal and McDermott, to develop the Azeri field in the Caspian Sea, together with local producer Kaspmorneftegaz.

Most experts agree that it will be the end of the century or beyond before these new ventures start producing enough oil to influence world crude prices. But the development of the last great oil frontier is well under way.

This is the final part of a series on the oil sector of the former Soviet Union. Earlier articles appeared on July 24 and 31.

THE RUSSIAN government has exempted some joint ventures in the key oil and natural gas sector from tough export taxes, but western companies and energy advisers in Moscow said the new rules did not go far enough, reports Reuter from Moscow.

The rules, applying to joint ventures set up before January 1, 1992, say firms will not have to pay the tax until they have fully recovered initial investments on energy projects.

"It is certainly better than nothing, but it means there is not much hope any more for ventures registered this year," said Mr Richard Lewis of Ernst and Young Vneshaudit in Moscow. "Newer joint ventures will still be looking for help," said another Western adviser. "It is prohibitive to conduct business here with export tariffs so high."

Indonesia expects tin profit after cost-cutting

By William Keeling in Jakarta

INDONESIA'S TIN industry is expected to return to profit in 1992 with the dominant state-owned tin mine, Tambang Timah, having cut production costs by 25 per cent since 1990.

Mr Ginandjar Kartasasmita, the resources minister, said this week that Tambang, which accounts for 80 per cent of national production, had cut production costs to $5,000 a tonne, down from about $6,700 in 1990.

Tambang is undertaking a five-year restructuring programme entailing a sharp reduction in the company's workforce from 24,000 two years ago to 8,250. The company is expected to concentrate its operations at the offshore areas of Karimun and Kundur islands.

Mr Kartasasmita set a target to reduce production costs to $4,500 a tonne. He welcomed the current international tin price of about $7,000, as against the forecast price of $5,800 for the year. He warned, however, that the price could drop if the US decided to run down its tin stockpiles.

Indonesia is the world's third largest tin producer after Brazil and Malaysia and had an export quota at the end of last year of 28,376 tonnes a year under the Association of Tin Producing Countries' market stabilisation scheme. In 1990 Indonesia produced about 34,000 tonnes of tin.

Indonesia is to host the next meeting of the association in September and has requested that Brazil and China, which are not members, attend to discuss world production levels.

● PT Freeport, Indonesia's leading copper mining company, is expected to begin construction of a $500m copper processing plant next year.

The state-owned Antara news agency reported yesterday that the plant would produce 150,000 tonnes of copper a year, of which about 90,000 would be exported.

Freeport has been undertaking a $550m expansion programme at its mines in Irian Jaya to increase copper-ore production to about 57,000 tonnes a day.

Indonesia's exports of copper concentrate last year earned $512m. Freeport also produces gold as a by-product of the copper-concentrate process and exports totalled 9,355 kg in 1990.

The new plant, located in East Java, is to be constructed by Metallgesellschaft of Germany, which will take substantial equity in the project.

Senate rejects mine claims moratorium

By Matthew Kaminski in Washington

THE US Senate has thrown out a proposal to place a one-year moratorium on federal land sales to mining companies and adopted a watered-down "reform" measure criticised as a "giveaway" to the industry.

The mining industry hailed the vote as a major victory. But Mr John Knebel, president of the American Mining Congress, said the industry, which has battled with environmentalists over land reclamation standards, was "by no means finished with this saga."

Senator Dale Bumpers, a Democrat from Alabama, sought the moratorium to give congress more time to consider tougher reform legislation.

The Bumpers reform Bill, which is still in committee, aims to change completely a century-old system under which anyone can explore US federal lands for as little as $2.50 an acre after discovery of a valuable mineral deposits.

Senator Harry Reid, a Nevada Democrat, said a one-year moratorium would shut down mineral exploration. His proposal, which was passed, requires federal land to be sold at fair market value, but does not place a royalty on the $3.9bn worth of minerals that private concerns extract from federal lands every year. Also, it says land must be returned to the federal government if no minerals are extracted.

Mr John Knebel, president of the American Mining Congress, the industry lobby, said the Senate took a "proper step" to reform mining law without changing the its basic law structure.

Bolivia's state mining company in joint venture

By Chris Philipsborn in La Paz

MINERA TIWANACU, a subsidiary of Miami-based Jordex Resources, is to sign a joint venture contract with Comibol, the Bolivian state mining corporation, to exploit Bolivar, a polymetallic mine in the department of Oruro, in the south-west of the country.

The deal should be finalised in the next three or four weeks, according to Mr Alfredo Rojas, Tiwanacu's executive president. Comibol has invested $14m in the mine over the past ten years and, under the terms of the contract, Tiwanacu will invest at least a further $14m. Production is estimated by Mr Rojas at 1,000 tonnes of ore a day, of which 400 tonnes will come from Tiwanacu's existing operations 17 km (10 miles) away at Poopo. The plant at Poopo is to be valued and will form part of Tiwanacu's investment in Bolivar.

Of the 1,000 tonnes of ore, some 15 per cent will be zinc and 1 per cent tin, plus 350 grams per tonne of silver. The resulting concentrate will be 50 per cent zinc, with 800 grams per tonne of silver.

The project should be up and running in 12 months, producing some 19,000 tonnes of concentrate a year and should have a working life of some 15 years, according to Mr Rojas.

Malaysia tries to fight off palm oil competition

By Kieran Cooke in Kuala Lumpur

MR LIM Keng Yaik, Malaysia's Primary Industries Minister, is leading a palm oil selling mission to Pakistan and India in an effort to counter what Malaysia sees as rising competition from other palm oil producers.

"We see a necessity to step up efforts not only to seek and expand new markets but more importantly to protect our existing markets in the face of rising competition," said a Malaysian official.

Malaysia, the world's largest palm oil producer, faces increased competition for export markets from Indonesia, Thailand, Papua New Guinea and a number of producers on the African continent.

India was once the main export market for Malaysian palm oil. But sales to India have dropped dramatically in recent years, because of what Malaysian officials describe as India's "foreign exchange constraints". In 1987 Malaysia exported more than 1m tonnes of palm oil to India. In 1991 sales to India were only 160,336 tonnes. But sales to Pakistan have improved considerably – from 117,397 tonnes in 1986 to 961,841 tonnes last year. Malaysia produced 6.14m tonnes of palm oil in 1991 and expects to increase this to 6.5m tonnes this year.

US meat output soars to record

By Matthew Kaminski

AMERICAN RED meat production soared to new highs in June, bucking generally depressed global market trends.

The US Department of Agriculture has reported that commercial red meat production went up 12 per cent from last year to 3.42bn lb, a record for June. Also, pork production, at 1.33bn lb, broke a 12-year old monthly output record.

This output surge will probably further improve US export performance, which has risen steadily during the first half of the year.

For the first five months, beef and veal exports were up 8 per cent compared with the same period last year to 175,000 tonnes, worth $791m, while pork exports rose 32 per cent to 47,000 tonnes, worth $161m. June export figures are not yet available.

Industry analysts warn, however, the production boost may be illusory. This June there were more slaughter days than last June and, more importantly, output is largely supply driven.

"We go through cycles of production, but we also have had slight growth in demand," says Mr Glenn Grimes, an agricultural economist at the University of Missouri.

Most of the increase comes from hogs, which are up 17 per cent over the last year.

"We're actually setting a record in pork production in 1992," says Mr Grimes, who estimates output at 17.2bn lb, eclipsing the 1980 record of 16.43bn lb.

Zimbabwe appeals for white farmers to stay

ZIMBABWE'S government, which recently passed a controversial law to take land from white farmers for black peasants, has appealed to white farmers to stay in the country, reports Reuter from Harare.

Industry officials say hundreds of white farmers, angered by the new law, plan to emigrate to neighbouring countries, especially Zambia and Mozambique.

"Those who are calling for a latter-day 'great trek' to the north and east of our borders are over-reacting and misleading others," said the country's vice-president Mr Simon Muzenda. "There is enough land in our country for Zimbabweans who genuinely want to make a living from it," he said when he opened an annual meeting of the white Commercial Farmers Union.

White commercial farmers occupy about 70 per cent of the country's most fertile land.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD was again in retreat on the London bullion market as Comex futures came under pressure from selling by locals testing the market's downside support. Dealers said US funds appeared to have largely liquidated their positions, leaving them neutral as a market factor, while other directions were scanned for the possible source of selling that might push gold through support at $348 a troy ounce. Gold has to hold the $348 area to retain its recent technical uptrend and was fixed at $348.60, down 65 cents from the morning fix. Official selling could be the catalyst to push *the market down through the* pivotal support, dealers said.

On the LME **COPPER** edged further ahead as Chinese buying continued. Three-month metal closed above $2,510 a tonne, suggesting further gains, dealers said. Three-month **TIN** put on a spurt in late trading on short covering and closed at $6,835 a tonne, up $100. The market is staging a correction from the recent fall to eight-week lows. **NICKEL** succumbed to downside pressure, with three-month metal retreating below $7,400 a tonne. The failure to move above $7,450 and fill a chart gap above that level has dampened sentiment, dealers said.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$17.85-8.00y	+0.15
Brent Blend (dated)	$19.85-9.90	+.175
Brent Blend (Sep)	$20.00-0.10	+.175
W.T.I (1 pm est)	$21.40-1.50y	+.225
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$219-221	+2.0
Gas Oil	$176-177	+1.0
Heavy Fuel Oil	$84-85	+0.5
Naphtha	$189-191	+1.5
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$348.65	-1.70
Silver (per troy oz)♣	382.0c	+2.0
Platinum (per troy oz)	$374.00	-1.85
Palladium (per troy oz)	$86.20	-0.55
Copper (US Producer)	117.00c	
Lead (US Producer)	39.2c	+0.2
Tin (Kuala Lumpur market)	16.83r	+0.30
Tin (New York)	314.5c	+4.0
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	111.55p	-1.17*
Sheep (live weight)†♣	75.41p	-0.09*
Pigs (live weight)†	80.01p	-3.79*
London daily sugar (raw)	$263.0w	+2.2
London daily sugar (white)	$293.0w	+1.5
Tate and Lyle export price	£247.5	+2.5
Barley (English feed)	£118.5z	
Maize (US No. 3 yellow)	£151.5	
Wheat (US Dark Northern)	Unq	
Rubber (Sep)♥	50.50p	-0.25
Rubber (Oct)♥	50.50p	-0.25
Rubber (KL RSS No 1 Jul)	219.5r	-1.0
Coconut oil (Philippines)§	$480.0t	+10.0
Palm Oil (Malaysian)§	$375.0y	
Copra (Philippines)§	$315.0	+2.5
Soyabeans (US)	£137.5y	
Cotton "A" Index	61.30c	-0.15
Wooltops (64s Super)	380p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Sep/Oct w-Aug/Sep y-Sep z-Oct/Dec. . †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Oct	215.40	214.80	214.00	
Dec	207.00	207.00	206.00	
Mar	205.80	205.60	205.00	
Aug	205.60	205.00	203.60	
White	Close	Previous	High/Low	
Oct	269.50	268.00	269.00	267.00
Dec	266.00	264.40	266.00	265.50
Mar	268.70	268.90	268.00	267.50
May	277.00	270.90	275.50	
Oct	267.50	267.90	267.50	266.50

Turnover: Raw 95 (158) lots of 50 tonnes. White 804 (713) Paris- White (FFr per tonne): Oct 1352.50 Dec 1346.51

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Sep	20.03	19.84	20.07	19.88
Oct	20.04	19.87	20.06	19.90
Nov	20.04	19.85	20.04	19.91
Dec	19.95	19.80	19.95	19.83
Jan	19.83	19.70	19.85	19.73
Feb	19.74		19.74	19.62
Mar	19.51		19.51	
IPE Index	19.88	20.06		

Turnover 17250 (26842)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Aug	180.00	179.50	181.00	179.25
Sep	183.50	182.25	183.75	182.00
Oct	185.50	185.50	186.50	185.25
Nov	188.75	188.00	188.75	187.50
Dec	190.25	189.75	190.50	189.25
Jan	189.50	189.25	189.50	188.75
Feb	186.25	185.75	186.50	185.75
Mar	182.50	181.75	182.50	182.25
Apr	179.50	179.00	179.50	

Turnover 21710 (14307) lots of 100 tonnes

FRUIT AND VEGETABLES
Discovery apples, the first of the new season English apples, are in the shops at 35-50p a lb, reports FFVIB. Other good apple buys include English Bramleys at 40-50p a lb (40-50p) and Cape Golden Delicious at 65-70p a lb (65-70p). Top quality homegrown sweetcorn is superb at 30-40p a cob (42-50p). Other good vegetable buys include Runner beans at 70-80p a lb (80p-£1.00), broccoli at 60-80p a lb (60-80p), and beetroot at 30-35p a lb (30-35p). Tomatoes from England, Holland and Channel Islands are a good salad choice at 30-45p a lb (40-45p). Beef tomatoes remain good at 50-60p a lb (55-70p).

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Sep	632	636	637	628
Dec	663	667	669	658
Mar	692	694	696	687
May	711	712	714	705
Jul	729	730	731	724
Sep	747	748	749	743
Dec	773	775	776	770
Mar	801	804	805	798
May	820	826	821	816

Turnover: 3035 (4512) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 5 817.08 (827.10) 10 day average for Aug 6 789.55 (782.33)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Sep	735	737	736	728
Nov	755	758	756	750
Jan	770	771	770	766
Mar	788	791	788	785
May	799	806	797	
Jul	814	815	810	

Turnover:1122 (803) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 5: Comp. daily 47.25 (46.90) 15 day average 48.36 (48.55)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	65.5	65.9	65.5	64.5

Turnover 94 (119) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Aug	118.00		118.00
Oct	118.20	118.50	118.20
Feb	122.20	123.00	122.20

Turnover 143 (175) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Aug	1080	1085	1080	
Sep	1120	1130	1130	1118
Oct	1214	1215	1220	1205
Jan	1240	1245	1250	1240
BFI	1059	1054		

Turnover 120 (240)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Sep	112.15	112.00	112.15	
Nov	115.35	115.25	115.50	115.35
Jan	119.20	119.10	119.35	119.20
Mar	122.20	122.00	122.30	122.15
May	125.50	125.20	125.50	
Barley	Close	Previous	High/Low	
Nov	112.50	112.70	112.50	
Jan	116.30	116.50	116.30	

Turnover Wheat 187 (325). Barley 90 (231).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Aug	105.0	105.0	104.5
Sep	105.0		104.5
Oct	104.8	105.0	104.5
Nov	104.8		104.5

Turnover:17 (3) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 21,240 lots
Cash	1311-2	1313-4		1308-9		
3 months	1334-6	1337-8	1334/1330	1331.5-2	1333-5	182,093 lots
Copper, Grade A (£ per tonne)						Total daily turnover 18,986 lots
Cash	1319-20	1311.5-2.5	1320	1320-0.5		
3 months	1339-40	1333.5-4	1342/1339	1339.5-40	1340-1	144,948 lots
Lead (£ per tonne)						Total daily turnover 5,594 lots
Cash	347.5-8.5	348-9		347.5-8		
3 months	356-7	357-8	357/355	356-7	355-6	29,513 lots
Nickel ($ per tonne)						Total daily turnover 5,861 lots
Cash	7325-30	7360-70		7340-5		
3 months	7390-5	7430-40	7410/7390	7407-10	7390-5	24,883 lots
Tin ($ per tonne)						Total daily turnover 1,023 lots
Cash	6775-85	6705-15		6775-85		
3 months	6810-20	6745-50	6850/6780	6810-20	6835-40	12,824 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,069 lots
Cash	1349-50	1345-7	1341	1341.5-2		
3 months	1355-6	1352-3	1358/1343	1347-7.5	1356-7	67,836 lots

LME Closing £/$ rate: SPOT: 1.9080 3 months: 1.8769 6 months: 1.8433 9 months: 1.8165

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent	
Close	348.50-348.80		
Opening	349.20-349.60		
Morning fix	349.25	183.420	
Afternoon fix	348.60	182.704	
Day's high	349.50-349.80		
Day's low	348.30-348.60		
Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.77	6 months	2.78
2 months	2.77	12 months	2.81
3 months	2.77		
Silver fix	p/troy oz	US cts equiv	
Spot	205.00	390.15	
3 months	210.20	393.25	
6 months	215.55	396.65	
12 months	226.50	405.00	

GOLD COINS	$ price	£ equivalent
Krugerrand	348.50-350.50	183.00-185.00
Maple leaf	359.20-361.50	-
New Sovereign	84.50-86.50	44.00-46.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1300	33	70	10	25
1350	9	42	36	47
1400	3	23	78	77
Copper (Grade A)	Calls		Puts	
2450	86	104	10	49
2500	51	77	24	71
2550	28	55	49	98
Coffee	Sep	Nov	Sep	Nov
600	134	156		7
650	84	110		5
700	38	71	4	16
Cocoa	Sep	Dec	Sep	Dec
500	132	164		1
525	107	140		2
550	82	117		4
Brent Crude	Sep	Oct	Sep	Oct
2000	21	47	21	47
2050	5	26	63	
2100		15		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Aug	349.0	349.2	349.1	348.3
Sep	349.6	349.6	0	0
Oct	350.7	350.9	350.8	349.6
Dec	352.7	352.9	353.0	351.4
Feb	354.6	354.8	354.8	353.7
Apr	356.5	356.7	355.5	356.3
Jun	358.5	358.7	0	0
Aug	360.5	360.7	360.0	360.0
Oct	362.7	362.9	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	376.5	376.3	377.3	374.3
Jan	375.0	374.3	375.5	373.0
Apr	375.2	374.5	0	0
Jul	376.2	375.5	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Aug	390.6	387.8	0	0
Sep	391.7	389.2	392.0	390.5
Oct	393.7	391.2	0	0
Dec	395.7	393.2	396.0	394.5
Jan	397.1	394.6	398.0	398.0
Mar	399.9	397.4	400.5	398.5
May	402.8	400.2	0	0
Jul	405.4	402.8	405.0	405.0
Sep	408.4	405.7	408.0	408.0
Dec	412.8	410.1	413.5	413.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	112.85	112.65	113.30	112.80
Sep	113.35	113.05	113.70	112.80
Oct	113.25	112.90	0	0
Nov	113.20	112.80	113.00	113.00
Dec	113.15	112.75	113.40	112.65
Jan	112.60	112.15	0	0
Feb	112.25	111.75	0	0
Mar	112.00	111.50	0	0
Apr	111.15	110.85	0	0
May	110.50	110.00	110.35	110.38

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.62	9.59	9.66	9.55
Mar	9.25	9.25	9.29	9.23
May	9.18	9.18	9.23	9.16
Jul	9.12	9.11	9.12	9.12
Oct	9.05	9.07	9.06	9.06

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Sep	21.47	21.18	21.47	21.19
Oct	21.38	21.09	21.38	21.10
Nov	21.30	21.04	21.30	21.06
Dec	21.21	20.99	21.24	21.00
Jan	21.12	20.89	21.12	20.91
Feb	21.03	20.79	21.00	20.86
Mar	20.90	20.68	20.90	20.70
Apr	20.67	20.57	20.67	20.67
May	20.56	20.46	20.56	20.50
Jun	20.60	20.36	20.60	20.40

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	5990	5863	6000	5870
Oct	6080	5963	6070	5965
Nov	6175	6079	6175	6090
Dec	6280	6186	6290	6185
Jan	6310	6231	6310	6250
Feb	6240	6166	6240	6190
Mar	6005	5951	6010	5990
Apr	5810	5766	5810	5790
May	5640	5611	5670	5630
Jun	5520	5526	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1059	1072	1072	1048
Dec	1119	1130	1129	1110
Mar	1170	1177	1174	1162
May	1200	1207	1200	1200
Jul	1229	1236	1232	1229
Sep	1259	1266	1258	1258
Dec	1294	1301	0	0
Mar	1330	1337	1335	1325
May	1358	1365	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	56.20	56.60	56.60	55.75
Dec	58.75	59.15	59.30	58.25
Mar	61.30	61.79	61.85	60.85
May	65.40	65.60	65.60	65.30
Jul	67.75	67.90	67.85	67.05
Sep	69.70	69.90	0	0
Dec	73.15	73.75	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	62.00	62.66	62.78	61.60
Dec	59.96	60.52	60.75	59.72
Mar	61.05	61.50	61.65	60.95
May	61.72	62.10	62.10	61.60
Jul	62.31	62.40	62.51	62.30
Oct	63.00	63.10	63.00	63.00
Dec	63.15	63.30	63.25	63.15

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	117.50	117.75	117.50	116.70
Nov	114.00	113.80	114.00	113.00
Jan	113.70	113.25	113.75	112.70
Mar	113.60	113.50	113.50	113.00
May	113.80	113.50	114.00	113.60
Jul	113.30	113.00	113.75	113.60
Sep	113.30	113.00	0	0
Nov	113.30	113.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug 6	Aug 5	mnth ago	yr ago
1546.6	1542.3	1653.0	1686.9

DOW JONES (Base: Dec. 31 1974 = 100)				
	Aug 5	Aug 4	mnth ago	yr ago
Spot	116.49	116.83	118.40	119.31
Futures	117.59	117.67	119.00	122.04

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	553/0	553/4	557/0	551/4
Sep	548/2	549/2	552/0	547/2
Nov	542/4	544/2	546/0	541/6
Jan	546/6	551/0	552/6	547/4
Mar	558/2	558/0	559/6	555/2
May	562/2	564/4	565/4	561/0
Jul	567/2	569/0	570/4	566/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	18.32	18.37	18.45	18.28
Sep	18.39	18.45	18.54	18.38
Oct	18.56	18.62	18.70	18.54
Dec	18.86	18.92	19.01	18.84
Jan	19.01	19.06	19.16	19.01
Mar	19.32	19.37	19.47	19.32
May	19.62	19.69	19.77	19.62
Jul	19.91	19.96	20.00	19.91

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	169.6	169.8	170.2	169.3
Sep	170.9	171.2	171.6	170.6
Oct	187.9	188.1	188.6	187
Dec	186.8	187.0	187.6	[illegible]
Jan	186.6	186.5	186.8	185.3
Mar	185.5	186.0	186.5	186.0
May	185.2	185.3	186.0	184.5
Jul	186.0	186.7	186.4	185.8

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	215/6	217/6	217/4	215/4
Dec	218/2	220/2	220/2	218/0
Mar	227/2	229/2	229/0	227/0
May	233/2	234/6	234/4	233/0
Jul	237/6	239/0	238/6	237/2
Sep	238/0	239/2	239/0	238/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	309/0	310/0	313/0	307/2
Dec	318/6	319/6	323/0	317/0
Mar	324/0	326/4	327/4	323/0
May	321/0	321/0	322/0	319/4
Jul	305/2	306/4	306/0	303/4
Sep	308/4	312/4	308/4	308/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	74.450	74.325	74.500	74.175
Oct	74.425	74.250	74.475	74.175
Dec	72.875	73.050	73.150	72.800
Feb	71.700	71.875	71.900	71.600
Apr	72.925	72.975	72.975	72.800
Jun	70.000	70.050	70.100	69.950

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Aug	43.775	43.500	43.925	43.350
Oct	39.000	39.275	39.400	38.950
Dec	40.575	40.750	40.750	40.275
Feb	40.825	40.900	40.950	40.550
Apr	39.475	39.850	39.800	39.400
Jun	44.825	44.850	44.850	44.825

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	36.600	35.825	36.100	36.000
Feb	39.450	39.375	39.600	39.150
Mar	39.375	39.250	39.400	39.000
May	40.500	40.600	40.425	40.200
Jul	40.200	40.050	40.900	40.200
Aug	40.100	40.250	40.500	39.400

Equities shaken by corporate news

By Terry Byland, UK Stock Market Editor

THE UK equity market yesterday survived highly negative reports from two of Britain's largest companies to close in better shape than appeared possible at the day's low point. The halving of British Petroleum's second-quarterly dividend dealt a harsh blow to a stock market already driven lower by a sharp fall in interim profits at Barclays, whose chairman warned that the UK economic recession might continue for a further two years.

However, a mid-session fall of more than 32 Footsie points, taking the index to 2,360.7, was halved later as the market's battered confidence was helped by the decision of the Bundesbank policy council to leave interest rates unchanged, and by an assurance from a UK Treasury secretary that the domestic recession has already bottomed out.

The FT-SE Index ended the day 15.2 down at 2,377.6. London was helped at the end of the session by a firmer performance from Wall Street than had been feared in view of the impending trading reports from British Petroleum and General Motors. The Dow Industrial Average was 11 points off when London closed.

The UK trading session was heavily dominated by the day's batch of important company news and special situations. Of the sharply increased Seaq trading volume total of 497.3m shares, about one quarter represented activity in only three stocks; British Petroleum, Barclays Bank and BET, where underwriters had to take up the bulk of a £200m rights issue. Wednesday's Seaq total of 383m shares incorporated a mere £798m in genuine retail business in equities, a continuation of the unprofitable levels of activity in the London market at present.

Account Dealing Dates		
*First Dealings:		
Jul 27	Aug 10	Aug 24
Option Declarations:		
Aug 6	Aug 20	Sep 3
Last Dealings:		
Aug 7	Aug 21	Sep 4
Account Day:		
Aug 17	Sep 1	Sep 14

*New time dealings may take place from 8.30 am two business days earlier.

From the viewpoint of the London stock market, the £919m write-off and reduced payout at British Petroleum measured up to the worst possible expectations; the impact was softened slightly by signs of US support for the shares when Wall Street opened. The maintained dividend helped Barclays shares at first but the market was depressed by the gloomy view on the economy expressed by Sir John Quinton, the chairman.

Across the range of the equity market, the investment mood seemed little changed despite yesterday's developments. Pharmaceutical stocks remained firm but domestically orientated issues, including consumer stocks and builders, continued to give ground.

BOC provided a firm feature, responding to improved profits.

The absence of any move on rates by the Bundesbank left UK investors to ponder the widespread calls for moves from the the UK government to stimulate the domestic economy, possibly by easing base rates to spark recovery in the housing sector. But any optimism on this score was restrained by a sluggish trend in sterling, which shaded lower against the D-mark yesterday.

However, many analysts sounded relieved by the market's performance in a trading session which had been identified far ahead as potentially hazardous for share prices. The fall in BP shares was responsible for nearly one quarter of the day's loss in the Footsie Index stocks, with more than 15m shares traded.

The £1bn provision for bad debts was larger than the market had expected, and one analyst argued that the bank had not been able to control costs and was unlikely to maintain its rate of growth in the second half. However, there was confidence that the dividend would be held for the full year and Nomura Research was arguing that the shares were attractive at around 320p. A number of investors were switching from National Westminster, which slipped 6 to 315p.

BP upsets the stock market

IT WAS almost bound to happen but when it did the shock waves still reverberated through the London market. British Petroleum halved its second-quarter dividend, as well as announcing an exceptional charge of nearly £1bn, and the shares spiralled down amid hectic selling.

The stock was 17 off at one stage before ending with a net fall of 10 at 196½p, the lowest level since mid-1986. The day's turnover of 74m shares was one of the highest for the past five years. In addition, the equivalent of some 40m shares changed hands during the first two hours of the new session in New York, where they are traded in the form of American Depositary Receipts (ADRs).

US institutions have consistently taken a far more optimistic view of the oil company than their UK counterparts and overnight ADR buying was reflected on the UK shares when London opened yesterday. Then, the UK began to sell the shares and an early gain had been reversed by the time BP's headline losses were released at mid-morning. On the news, the stock ticked back sharply to trade 13 down with the turnover doubling within minutes.

The analysts' meeting at midday did nothing to alleviate the gloom. Nevertheless, US investors continued to show support, with houses such as C.J. Lawrence and Kidder Peabody said to be clinging on to their positive stance. Mr Bernard Picchi of Kidder said: "The dividend cut was bitter medicine but the right medicine and, if anything, US investors have intensified their interest as a result of the sharp fall in the share price."

In London, Mr John Toalster, the Strauss Turnbull analyst who has long predicted a dividend cut, argued that the oil group would be unable to lift it again for at least two years.

C and W weak

Cable and Wireless retreated 16 to 524p on rumours that unofficial negotiations between the telecoms group and American counterpart US West had broken down. The talks were believed to involve US West taking a minority stake in C and W's telecoms subsidiary, Mercury, with a price tag of £500m to £600m being suggested.

Although C and W has never admitted the existence of the talks, most market analysts accepted that negotiations were in progress, particularly in view of C and W's stated aim of bringing partners on board in its serach for a global partnership. But the talks now appear to have foundered on regulatory worries on the US side.

This suggestion prompted several other whispers about C and W, one that a survey among leading business users by a broker had found BT favoured ahead of Mercury for the first time. BT shares, strengthened by press reports that it would not be referred to the Monopolies and Mergers Commission, edged a penny higher to 337p.

Barclays ahead

Disappointing interim results from Barclays were accompanied by what one analyst described as "a sigh of relief that the dividend was maintained". In spite of the effect of chairman Sir John Quinton's gloomy general statement on the rest of the market, Barclays rose 10 to 334p, the best percentage performance among the 100 FT-SE

Thorn EMI tumbles

Leisure group Thorn EMI's shares tumbled 32 to 711p under the combined weight of poor results from the Dutch Philips concern and consecutive days' downgrades.

After Wednesday's downgrade by one leading house, yesterday saw further trimming by Smith New Court, Henderson Crosthwaite and Paribas. Worries over Thorn's music division were said to be behind the cuts, Smith now looking for £315m, down £10m, Paribas a similar reduction to £345m, and Henderson an unconfirmed £300m.

Profits from industrial gases concern BOC came in above the market's estimates and the shares jumped 17 to 601p.

Turnover in business services group BET jumped to 43m after the company said only 43.2 per cent of its £201m rights issue had been taken up by investors. Around 19m shares were placed with sub-underwriters at 107½p, representing through double counting a majority of the day's volume. The stock closed at 110p, unchanged on the day and in line with the rights issue price.

Telecoms group Vodafone moved forward 7 to 327p as it announced plans to form a consortium to provide a cellular network in Greece.

Vague talk that Anglian Water was in line for a share of a lucrative Argentinian contract, together with a big buyer in the market, lifted the shares 12 to 406p.

Turnover in freight company NFC rose to 11m as the shares retreated after two large trades – one of 5.6m and another of 5.5m – went through the market at 245p and 247p respectively.

Regional brewer Greene King continued to suffer from holding 29.3 per cent of its failed bid target Morland. Shares in the latter closed steady at 405p. Greene King, which had paid some 450p for its Morland holding, weakened 18 to 445p.

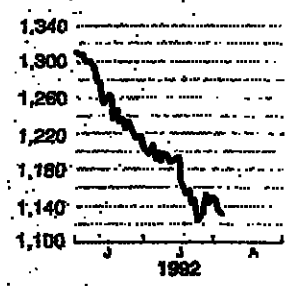
Mirror Group Newspapers saw very heavy turnover as a block of 6.8m shares was bought for cash for the next account. The recorded volume was 15m shares, which represents both sides of the block trade. The stock eased a penny to 73p.

Simon Engineering was subject to a two-way pull after the company reported a rise in half-time profits just ahead of expectations. The buyers were cheered by the figures and the shares ended 4 better at 185p.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christopher Price.

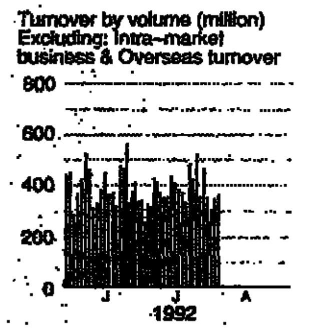
■ Other market statistics, Page 19

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

TRADING VOLUME IN MAJOR STOCKS

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE RESULTS from BP, together with more talk of a poor outlook for equities in the wake of the continued recession, caused a retreat in stock index futures, writes Joel Kibazo.

The September contract opened tentatively, with the first trade struck at 2,406. A period of sideways trading then ensued, with independent traders responsible for most of the early activity, and the session's high point of 2,409 was recorded at around 9.30am.

The release of the BP results sent September falling to 2,365, with further worries about the outlook for the UK economy also playing a part in the retreat.

The Bundesbank's decision not to raise the Lombard rate, however, prompted a rally in the September future in the afternoon, as did an early recovery on Wall Street. September eventually closed at 2,385, down 30 from Wednesday's close and 3 points below its fair value premim to cash of about 12. Turnover at 6,885 remained dull.

The traded options saw an improvement on Wednesday's poor volume. Total turnover reached 28,751 lots, with the FT-SE 100 option recording 11,863 trades. BP was the busiest stock option with 4,058 contracts dealt.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday August 6 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Aug 5 Index No.	Tue Aug 4 Index No.	Mon Aug 3 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (175)	722.12	–0.6	8.17	6.22	15.67	20.52	726.45	734.40	742.33	835.15
2	Building Materials (23)	740.88	–0.3	7.36	7.55	18.46	25.58	743.35	756.43	781.56	1056.68
3	Contracting, Construction (27)	587.68	–1.0	5.96	10.19	36.54	25.20	593.62	609.68	626.05	1142.56
4	Electricals (9)	2151.85	–1.2	8.01	7.03	16.17	68.82	2178.59	2190.37	2183.04	2442.93
5	Electronics (27)	1890.47	–0.9	8.52	4.57	14.63	45.48	1907.45	1901.25	1894.37	1727.78
6	Engineering-Aerospace (6)	307.83	–0.4	11.83	8.47	10.69	11.27	309.20	303.49	305.04	419.27
7	Engineering-General (43)	436.82	–0.5	9.33	5.52	13.41	11.44	438.99	445.07	453.65	455.94
8	Metals and Metal Forming (7)	280.18	–0.2	5.97	7.86	24.56	7.18	280.61	285.35	287.81	434.76
9	Motors (14)	311.95	–1.5	8.61	7.56	15.29	10.14	316.65	320.01	315.48	332.52
10	Other Industrial Materials (19)	1584.72	–0.4	7.82	5.24	15.40	38.28	1591.06	1616.89	1630.97	1618.95
21	CONSUMER GROUP (191)	1523.24	–0.5	8.04	3.77	15.27	26.58	1531.36	1543.74	1547.33	1523.48
22	Brewers and Distillers (25)	1951.13	–0.7	8.53	3.75	14.14	37.26	1965.67	1972.73	1984.06	1858.96
25	Food Manufacturing (19)	1174.05	–0.6	9.19	4.50	13.46	26.01	1180.56	1183.48	1187.01	1203.68
26	Food Retailing (18)	2726.31	–0.5	8.94	3.35	14.58	44.70	2741.15	2764.33	2763.26	2696.43
27	Health and Household (24)	3794.44	+0.1	7.31	2.82	15.59	37.92	3788.78	3830.17	3826.46	3635.31
29	Hotels and Leisure (18)	1059.85	–2.7	7.57	6.46	17.16	33.45	1089.80	1103.88	1117.45	1307.59
30	Media (27)	1429.97	–1.0	7.19	3.69	17.26	27.19	1444.76	1453.50	1441.84	1446.95
31	Packaging, Paper & Printing (17)	716.26	–0.7	7.20	4.61	16.84	14.76	721.11	725.03	718.71	744.49
34	Stores (34)	954.97	–0.2	7.91	3.91	16.71	16.96	957.29	969.24	979.59	978.20
35	Textiles (9)	609.43	–0.2	7.97	5.09	15.65	14.72	610.87	620.03	612.08	595.50
40	OTHER GROUPS (117)	1193.15	–0.4	10.43	5.54	11.94	31.17	1197.56	1201.72	1204.41	1269.67
41	Business Services (17)	1228.62	+0.1	6.84	4.20	17.85	21.03	1227.84	1228.03	1245.21	1346.43
42	Chemicals (22)	1323.25	....	7.37	5.49	16.84	33.10	1323.80	1332.18	1341.87	1453.66
43	Conglomerates (10)	1193.96	–1.6	10.46	7.86	11.97	24.83	1213.28	1217.89	1216.80	1465.87
44	Transport (14)	2234.38	–0.5	8.84	5.28	13.95	55.92	2245.42	2222.08	2221.91	2291.03
45	Electricity (16)	1278.12	–0.4	15.52	5.74	8.16	38.33	1283.70	1299.36	1304.14	1217.57
46	Telephone Networks(4)	1369.96	–0.1	11.04	4.82	11.81	46.12	1371.80	1370.51	1378.94	1531.83
47	Water(11)	2736.45	+1.0	16.37	6.32	6.76	86.85	2710.46	2750.11	2717.18	2362.29
48	Miscellaneous (23)	1944.20	–0.9	6.83	5.21	18.39	29.19	1961.45	1971.01	1962.88	1996.98
49	INDUSTRIAL GROUP (483)	1217.05	–0.5	8.83	4.77	14.07	26.94	1223.03	1231.72	1236.36	1274.84
51	Oil & Gas (17)	1803.19	–1.8	8.55	7.89	15.31	63.73	1836.05	1850.05	1863.35	2448.41
59	500 SHARE INDEX (500)	1274.79	–0.6	8.80	5.07	14.18	29.89	1282.72	1291.90	1297.20	1374.87
61	FINANCIAL GROUP (84)	677.41	–0.7	–	6.67	–	20.17	682.28	685.19	689.61	827.99
62	Banks (9)	915.76	+0.1	7.00	6.02	20.59	24.58	914.59	913.62	920.52	963.65
65	Insurance (Life) (6)	1385.56	–1.8	–	6.43	–	44.26	1410.47	1437.85	1452.12	1574.34
66	Insurance (Composite) (7)	443.59	–2.1	–	7.84	–	13.46	453.05	452.35	454.16	683.33
67	Insurance (Brokers) (10)	749.03	–1.1	10.35	8.67	12.71	30.14	757.53	758.17	764.85	1164.48
68	Merchant Banks (7)	425.26	–0.4	–	5.08	–	11.25	427.03	427.66	426.68	446.31
69	Property (30)	518.94	–2.3	11.58	8.80	11.58	20.31	530.95	544.55	547.00	916.82
70	Other Financial (15)	230.96	–0.6	7.96	7.49	17.01	6.63	232.36	232.94	233.09	251.75
71	Investment Trusts (70)	1078.91	–0.6	–	4.16	–	20.64	1085.33	1085.29	1083.28	1219.93
99	ALL-SHARE INDEX (654)	1131.71	–0.6	–	5.25	–	27.23	1138.88	1146.41	1151.28	1241.56

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 5	Aug 4	Aug 3	Jul 31	Jul 30	Year ago
FT-SE 100 SHARE INDEX♣	2377.6	–15.2	2391.6	2360.7	2392.8	2407.5	2420.2	2399.6	2411.6	2600.6

FIXED INTEREST

	PRICE INDICES	Thu Aug 6	Day's change %	Wed Aug 5	Accrued Interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (23)	120.98	+0.05	120.91	1.79	7.91
2	5-15 years (25)	136.50	+0.07	136.41	1.82	8.55
3	Over 15 years (8)	148.21	–0.14	148.42	1.78	7.62
4	Irredeemables (6)	167.00	+0.02	166.96	2.69	7.34
5	All stocks (62)	134.22	+0.04	134.17	1.83	8.37
	Index-Linked					
6	Up to 5 years (2)	172.14	....	172.13	1.32	1.83
7	Over 5 years (10)	148.20	–0.03	148.25	0.60	3.09
8	All stocks (12)	150.32	–0.02	150.35	0.69	2.90
9	Debs & Loans (62)	120.27	–0.08	120.36	2.93	6.53

	AVERAGE GROSS REDEMPTION YIELDS		Thu Aug 6	Wed Aug 5	Year ago (approx.)
	British Government				
1	Low	5 years	8.67	8.69	8.91
2	Coupons	15 years	8.94	8.93	9.70
3	(0%-7¾%)	20 years	8.94	8.93	9.70
4	Medium	5 years	9.54	9.56	10.06
5	Coupons	15 years	9.14	9.13	9.89
6	(8%-10¾%)	20 years	9.06	9.05	9.83
7	High	5 years	9.77	9.77	10.24
8	Coupons	15 years	9.33	9.34	10.00
9	(11%-)	20 years	9.23	9.23	9.90
10	Irredeemables	†	9.18	9.18	9.90
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.42	4.41	4.40
12	Inflation rate 5%	Over 5 yrs.	4.57	4.57	4.38
13	Inflation rate 10%	Up to 5 yrs.	3.69	3.68	3.49
14	Inflation rate 10%	Over 5 yrs.	4.40	4.39	4.20
15	Debs &	5 years	10.68	10.65	11.72
16	Loans	15 years	10.47	10.45	11.47
17		25 years	10.33	10.32	11.27

♣Opening index 2388.6; 9 am 2388.5; 10 am 2386.6; 11 am 2377.0; Noon 2366.4; 1 pm 2367.9; 2 pm 2373.3; 2.30 pm 2371.7; 3 pm 2373.5; 4.10 pm 2376.6; (a) 9.33am (b) 11.38am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

NEW HIGHS AND LOWS FOR 1992

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

SEOUL INTERNATIONAL TRUST
International Depositary Receipts evidencing Beneficial Certificates representing 1000 Units
Issued by
Morgan Guaranty Trust Company of New York

PUBLIC NOTICES

CORRECTION

ARGENTINA and URUGUAY

Comisión Bí-Nacional Puente Buenos Aires Colonia

INVITATION FOR EXPRESSION OF INTEREST

On the ad published on July 30, 1992, the correct fax number of the Comisión Binacional Puente Buenos Aires-Colonia (Delegación Argentina) is (541) 312 1739.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	16¼xd	+1/16	18¼	14⅝	[illegible]	1.9
♥Allegheny & W		328p	+8	330p	228p	178.4	4.8
Amdahl		729p	-15	1189p	706p	816.8	0.7
Amer Cyanamid		32⅛	-⅛	37	28⅝	2,936	2.7
Amer Express		11[illegible]xd	—	13⅞	10[illegible]	5,[illegible]	4.6
Amer T & T		22[illegible]xd	—	24⅞	20⅛	[illegible]	3.0
Ameritech		36½	+⅛	36[illegible]	32½	[illegible]	5.0
BankAmerica		24xd	+1/16	27⅝	19[illegible]	[illegible]	2.9
Bankers NY		32[illegible]xd	+½	37¼	28⅞	2,[illegible]	4.1
Bell Atlantic		25⅛	+¼	25¾	23¼	10,[illegible]	5.4
BellSouth		27⅝	+⅛	28⅛	25	13,[illegible]	5.2
♥Bethlehem Steel		7⅛xd	+1/16	9⅝	6⅞	545.4	—
Bowater		1038pxd	-6	1578p	1016p	374.3	6.1
CPC	h	25[illegible]xd	-⅛	25¾	22⅞	3,615	2.5
♥Cadiz Land Inc		142p	—	342p	142p	—	—
California Engy		623p	—	630p	589p	112.4	—
Campbell Soup		19⅝xd	—	20[illegible]	17⅞	4,825	2.1
Chase Manhattan		13xd	—	18½	9¼	1,827	4.8
Chrysler		11[illegible]xd	—	11½	6¼	3,341	2.7
Citicorp		10½xd	+1/16	11¼	6⅞	3,[illegible]	—
Colgate-Palm		27[illegible]xd	—	29[illegible]	25¼	4,[illegible]	2.4
Cont'l Bank		925p	+19	1000p	489p	849.9	3.3
Dana		21[illegible]xd	-⅛	24½	14[illegible]	959.9	4.0
Data General		448p	-4	1084p	369p	121.4	—
♥Decora Inds		121p	—	122p	66p	—	—
Dun & Brad		30¾	—	33½	27⅝	5,[illegible]	3.9
Eaton		41½	+1	46½	32½	1,426	2.8
Echlin		18⅛xd	—	77	7⅞	865.3	3.5
FPL		19[illegible]xd	—	20	18⅝	3,534	6.4
Fluor		26⅞	+⅛	27	19¼	1,698	1.0
Ford Motor		22¾xd	-⅛	26⅝	15	11,[illegible]	2.3
Gen Elect		39⅞xd	+1/16	45¾	38[illegible]	34,[illegible]	3.1
♥General Host		405p	-5	596p	360p	—	4.0

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

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INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	112.0	114.1	120.1	+0.78	0.00
AIB Grofund Equity	5	167.0	169.2	179.1	-1.18	2.42
AIB Grofund Euro ◆	5	127.3	129.2xd	136.0	+0.80	1.10
AIB Grofund Gilt	3	69.48	69.49xd	71.64	+0.04	6.44
AIB Grofund Japan	5	92.00	93.07	97.96	-0.10	0.00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	119.3	119.3	126.5	+0.1	8.18
High Inc Equity	6	115.4	118.0xd	125.5	-0.4	6.77
Worldwide Bond	6	214.0	214.0xd	226.8	+0.8	6.27
Capital Growth						
American Growth	6	192.7	192.7	206.0	+0.5	.95
Asian Pacific	6	138.1	141.7	150.7	+4.0	1.06
Assets & Earnings	6	169.0	169.0	180.7	-0.9	3.75
Capital Reserve Acc	0	117.2	117.2	117.2	...	7.66
Capital Reserve Inc	0	86.66	86.66	86.67	...	7.66
Comdty & Energy	6	59.91	59.91	64.07	-0.01	1.23
1992 Enterprise	6	64.93	64.93	69.44	+0.01	3.05
Euro Capital Acc	6	88.49	88.49	94.64	+0.67	1.10
Euro Capital Inc	6	83.86	83.86	89.68	+0.64	1.12
General	6	154.5	154.5xd	165.2	-0.7	3.51
Japan	6	65.45	65.45	70.00	...	–
Mastertrust	6	81.86	81.86	87.55	+0.04	2.86
UK Growth Acc	6	148.7	156.5	166.4	-0.4	3.24
UK Growth Dist	6	93.89	98.70	105.0	-0.3	3.24

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brown Shipley & Co Ltd — Contd.						
Intl Income	6	71.23	71.23xd	75.86	-0.09	6.36
Intl Growth ◆	6	23.63	23.63	25.17	-0.06	0.31
Monthly Income	6	51.72	53.64	57.13	-0.28	5.90
North American	6	72.00	72.00	76.68	-0.18	0.28
Orient ◆	6	67.82	67.82	72.93	-0.43	–
Recovery	6	26.14	26.14	27.97	-0.22	4.22
Smaller Cos Acc	6	190.0	190.0	202.3	+1.40	–
Smaller Cos Inc	6	112.9	112.9	120.2	+0.80	1.92
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382						
Income Growth	1	163.9	163.9	166.6	–	6.88
Buckmaster Mangmt Co Ltd (1200)H						
15 St Botolph Street, London EC3A 7JJ 071-247 4542						
Fellowship Tst ♥	5¼	45.92	45.92	48.68	-0.25	3.90
(Accum Units) ♥	5¼	50.31	50.31	53.33	-0.28	3.90
Income	5¼	160.2	162.3	172.7	-1.4	5.88
(Accum Units)	5¼	355.5	360.4	383.5	-3.1	5.88
Smaller Co's	5¼	89.55	92.86	98.79	-0.26	3.64
(Accum Units)	5¼	105.4	109.2	116.2	-0.3	3.64
Inv Portfolio ♥	3	51.92	51.32xd	53.12	-0.18	3.17
(Accum Units) ♥	3	57.48	57.48xd	59.49	-0.22	3.17
High Income Port ◆	3	45.13	46.02	47.69	-0.32	6.34
Burrage Unit Tst Mangmt Ltd (0985)F						
117 Fenchurch St, London EC3M 5AL 071-480 7216						
Short Dated Gilt	1¼	62.92	62.92	63.77	-0.07	7.34

For CCF Foster Braithwaite see Foster Braithwaite

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 081-740 7070						
UK General Tst	5½	48.38	49.54	52.70	-0.61	2.86
Global Tst	5½	36.79	37.81	40.22	-0.29	0.35
Recovery Tst	5½	45.91	47.06	50.06	-0.39	1.92

For CIBC Unit Tst Mngrs see Brown Shipley & Co

CIS Unit Managers Ltd (2000)F

[illegible]

For Matheson see Cannon UT

For Mayflower Mngmt see Sheppards UT Mngmt

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mercury Fund Managers Ltd (1000)H						
33 King William St, EC4R 9AS 071-280 2860						
American	5	128.6	128.6	136.8	+1.00	0.00
(Accum Units)	5	137.5	137.5	146.2	+1.09	0.00
American Opps	5	51.82	51.82	55.28	+0.21	0.00
(Accum Units)	5	52.54	52.54	56.05	+0.21	0.00
British Blue Chip	5	59.16	59.19	63.14	-0.49	4.22
(Accum Units)	5	67.67	67.72	72.24	-0.54	4.22
Cash *	0	100.4	100.4xd	100.4	..	9.78
(Accum Units) *	0	123.8	123.8xd	123.8	..	9.78
European Growth	5	153.5	153.5xd	162.6	+0.60	0.56
(Accum Units)	5	164.5	164.5xd	174.3	+0.70	0.56
European Income	5	59.91	59.91xd	63.46	+0.19	3.70
(Accum Units)	5	74.83	74.83xd	79.25	+0.22	3.70
General	5	362.9	363.8	388.1	-3.00	3.13
(Accum Units)	5	674.3	676.3	721.4	-6.90	3.13

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mercury Fund Managers Ltd — Contd.						
Global Bond	5	105.9	105.9	111.3	+0.90	6.64
(Accum Units)	5	112.8	112.8	118.5	+0.40	6.64
Govt Securities	5	86.21	86.21	90.61	+0.12	8.04
(Accum Units)	5	146.8	146.8	154.3	+0.20	8.04
Gold & General ◆	5¼	49.56	49.56xd	52.87	-0.61	4.59
(Accum Units) ◆	5¼	50.12	50.12xd	53.47	-0.01	4.59
High Income	5	41.41	41.41xd	44.18	-0.26	8.12
(Accum Units)	5	53.71	53.71xd	57.30	-0.33	8.12
Income	5	105.0	105.0	112.0	-0.70	6.61
(Accum Units)	5	148.3	148.3	158.2	-1.00	6.61
International	5	264.2	264.2	281.2	+0.10	0.94
(Accum Units)	5	349.1	349.1	371.7	+0.20	0.94

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Norwich Union Tst Managers (1200)H						
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234						
Master Trust	6	83.37	83.37	88.68	-0.37	4.03
UK Equity	6	100.04	101.63	108.12	-1.42	4.65
UK Equity Income	6	95.40	97.21	103.41	-1.47	6.11
UK Smaller Co's	6	84.00	87.22xd	92.79	-0.70	3.22
UK Equity Growth	6	93.30	94.93	100.99	-1.32	5.17
UK Index Tracking ◆F	6	100.59	101.23	107.69	-0.78	4.89
Intl Index Tracking F	6	89.52	90.29	96.05	+0.04	1.57
International	6	145.04	146.60	155.96	-0.36	2.35
European	6	117.39	118.36xd	125.91	-0.13	1.49
Pan European	6	88.84	89.88	95.62	-0.70	3.45
Nth American	6	117.32	118.47	126.03	+0.50	2.15
Nth Amer Smlr Cos	6	102.44	104.33xd	110.99	-0.19	0.00
Japanese	6	48.23	48.94	52.06	-0.01	0.00
Pacific	6	116.62	118.36	125.92	+0.04	1.26
South East Asian	6	119.87	121.76	129.53	+0.16	1.25
International Bond	6	102.83	102.97xd	109.54	+0.40	6.24
Gilt & Convertible	6	98.02	98.20xd	104.47	+0.12	8.03
Property F	6	66.85	68.75	73.14	-0.19	6.68
Cash Deposit Accum F	0	102.18	102.18	102.18	+0.02	9.35

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pearl Unit Trusts Ltd (1000)F						
Pearl Centre, Lynch Wd, Peterborough PE2 6FY						
Dealing: 0800 626577 Enquiries: 0733 470470						
Equity	6	170.9	173.6	184.6	-0.90	3.30
(Accum Units)	6	342.4	347.8	369.9	-2.40	3.30
Growth	5	105.5	107.6	113.2	-0.50	3.55
(Accum Units)	5	182.6	186.2	196.0	-0.80	3.55
Income	6	166.2	169.0	179.8	-0.80	5.06
Intl Equity	6	155.5	156.9	166.4	...	1.55
(Accum Units)	6	168.5	169.5	180.3	...	1.55
UK Income	6	44.91	45.74xd	48.66	-0.22	4.45
UK Intl 25	6	52.01	52.74	56.10	-0.23	2.76
UK Smaller Co's Acc	6	50.06	51.80	55.10	-0.13	2.57

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Save & Prosper Group (0900)H						
16-22 Western Rd, Romford RM1 3LB						
(Clients) 0708 766966 (Advisors) 0800 282101						
Amer Inc & Gwth	5½	51.80	51.80	55.10	+0.28	5.45
Amer Smllr Cos	5½	60.97	61.94	65.89	+0.35	–
Capital	5½	108.3	108.3	115.2	-0.2	2.13
Capital Portfolio	5½	93.28	93.28	99.21	-0.28	3.01
Cash *	0	113.8	113.8	113.8		9.44
Commodity	5½	72.65	72.65	77.28	-0.08	1.65
Eastern Discovery	5½	59.97	60.95	64.83	+0.43	0.46
Energy Inds	5½	65.24	65.24	69.40	+0.13	1.08
European Gwth	5½	121.9	121.9	129.6	+1	1.39
Euro Inc & Gwth	5½	53.18	53.18xd	56.57	+0.4	3.16
Euro Smllr Co's	5½	34.83	34.83	37.05	+0.03	1.27

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Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

INSURANCES

Henderson Administration(z)

3 Finsbury Ave London EC2M 2PA 071-638 5757

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	294.5	313.4	-2.4	-
Fixed Interest	164.8	69.0	-0.1	-
N. America	244.2	259.7	+0.8	-
Far East	323.8	344.5	+0.6	-
Global Managed	306.8	326.4	-1.0	-
Deposit	210.2	221.3		-
Prime Res	132.6	139.6		-
European	181.5	193.1	+0.7	-
Pension Funds				
UK Equity	323.0	343.7	-2.3	-
Fixed Interest	232.1	247.0	-0.1	-
Special Sits	243.2	258.8	-0.6	-
N American	156.6	166.7		-
Far East	252.6	268.8	+0.9	-
Managed	276.8	296.7	-0.9	-
Deposit	255.9	269.4		-
European Pension Fund	209.9	223.3	+0.9	-

Hill Samuel Life Assur. Ltd

NLA Tower Addiscombe Rd Croydon 081-686 4355

	Bid Price	Offer Price	+ or -	Yield Gross
Security Fund	352.7	373.3	-4.4	-
British Fund	376.7	398.7	-4.5	-
International Fund	350.5	370.9		-
Dollar Fund	253.4	268.2		-
Capital Fund	331.7	351.1	-2.4	-
Income Fund	466.9	494.1	-5.1	-
Property Series A	386.0	408.5		-
Property Series S	623.0	654.2		-
Financial Fund	335.9	355.5	-1.9	-
Managed Series A	395.3	418.4	-2.9	-
Managed Series C	233.1	246.7	-2.0	-
Managed Series S	703.8	740.9	-5.3	-
High Yield Fund	429.4	454.4	-3.5	-
Money Series A	261.7	277.0	+0.1	-
Money Unit	343.5	361.6	+0.1	-
Equity Fund	432.1	457.3	-4.1	-
Fixed Int Fund	304.9	322.7	+0.5	-
Indexed Sec Fd	144.2	152.6		-
European Fund	510.5	540.3		-
Natural Resrcs Fd	193.8	205.1	-0.6	-
Far East Fund	337.2	356.9	+0.2	-
Smaller Cos	303.3	321.0	-1.6	-
Spec Sits Fund	311.2	329.4	-2.6	-
Mngd Cncy Fund	226.3	239.5	+0.4	-
Japan Tech	151.5	160.4	-0.3	-
Global Bond Fund	142.5	150.8	+0.3	-
US Smaller Co's	142.3	150.6	+0.2	-

Continued on next page

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Pearl Assurance (Unit Funds) Ltd
Lynch Wood, Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or −	Yield Gross
Property Dist. (Gross)	135.7	142.9	—	—
Property Acc. (Gross)	258.6	272.2	—	—
Equity (Gross)	818.1	861.2	—	—
Managed (Gross)	582.9	613.6	-4.0	—
Property Acc. (Net)	123.6	130.1	-2.3	—
Equity (Net)	191.0	201.0	—	—
Adventurous Managed	89.0	93.6	-0.9	—
Managed (Net)	180.0	189.5	-0.4	—
Cautious Managed	95.8	100.9	-0.6	—
International (Net)	153.9	162.0	-0.3	—
Gilt & Fixed Interest	140.8	148.3	—	—
Money Fund	140.8	148.2	+0.1	—
Mixed Fund (Cap)	112.2	118.2	—	—
Mixed Fund (Acc)	116.8	123.0	—	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	631.6	664.9	-2.6	—
Ret Man (Series 2)	214.2	225.5	-0.9	—
Ret Cash	199.0	209.5	+0.1	—
Pens Mixed Fd (Cap)	123.7	130.3	—	—
Pens Mixed Fd (Acc)	128.8	135.6	—	—
Pens Stlg Fd (Cap)	104.1	109.6	—	—
Pens Stlg Fd (Acc)	108.4	114.2	—	—

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	124.0	131.0	-1.0	—
Building Soc. Fd	224.0	236.0	—	—
Balanced	255.0	269.0	-1.0	—
European	203.0	214.0	—	—
GT Managed	177.0	187.0	—	—
Gartmore Mngd.	118.0	125.0	-1.0	—
German	127.0	134.0	-1.0	—
Gilt	169.0	178.0	—	—
Global	36.0	38.0	—	—
International Equity	184.0	194.0	-1.0	—
Japan	139.0	147.0	—	—
Leisure	48.0	51.0	—	—
Managed	41.0	44.0	—	—
Property	300.0	316.0	—	—
UK Equity	234.0	247.0	-3.0	—
Pension Funds				
American	240.0	253.0	-1.0	[illegible]

Provident Mutual Life Assc. Assn.—Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Pension Funds				
Managed Ord	439.0	462.1	-3.2	—
Managed Init	319.3	336.1	-2.3	—
Equity Ord	662.4	697.3	-7.6	—
Equity Init	481.7	507.1	-5.6	—
Pen Ind Lkd Gilt Ord	184.7	194.4	-0.1	—
Pen Ind Lkd Gilt Init	140.3	147.7	-0.1	—
Overseas Equity Ord	281.9	296.7	-2.4	—
Overseas Equity Init	205.0	215.8	-1.7	—
Property Ord	280.9	295.7	+0.1	—
Property Init	204.3	215.1	+0.2	—
Fixed Interest Ord	290.8	306.1	+0.5	—
Fixed Interest Init	211.5	222.6	+0.4	—
Deposit Ord	271.2	285.5	—	—
Deposit Init	197.2	207.6	—	—

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or −	Yield Gross
Prulink				
Managed Aug 5	246.2	256.5	—	—

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Managed Funds				
Discretionary Aug 5	£179.44	182.30	+1.42	—
Equity Aug 5	£201.72	208.63	+1.37	—
International Aug 5	£25.15	25.84	+0.52	—
Intl Bond Aug 5	£14.38	14.37	+0.05	—
Fixed Int Aug 5	£105.13	106.33	-1.19	—
Index Linked Aug 5	£75.13	76.09	-0.90	—
Property Aug 5	£110.04	116.10	+0.1	—
Cash Aug 5	£31.1882	31.1002	+0.0578	—
Pru-Linked Retirement Plan				
Managed Aug 4	425.9	443.7	—	—
Cash Aug 4	285.4	297.3	—	—
Prudential Pensions Investment Account				
Pens Mngd Aug 7	168.3	181.0	-1.5	—
Pens UK Eq Aug 7	293.1	316.0	-3.8	—
Pens Intl Aug 7	184.5	197.8	+0.1	—
Pens Global Eqty Aug 7	93.1	98.0	-0.8	—
Pens Fixed Aug 7	239.2	252.5	+0.4	—
Pens Index Lk Aug 7	191.2	201.9	-0.2	—
Pens Property Aug 7	89.9	94.7	+0.1	—
Pens Cash Aug 7	186.2	196.2	—	—

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

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GUERNSEY (REGULATED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

JERSEY (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Eurecu Management S.A.				
Eurecu Fd NAV July 30		Ecu24 26		-
Europe Plus Investissement (SICAV) (u)				
NAV Jul 31		Ecu158 96	+0 08	-
Europe Value Fund (u)				
NAV		$10 09	-0 06	-
EurOptec (u)				
European Protection	Ecu93 98	99 46		-
Fidelity Intl Inv Mngt (Luxembourg) SA				
Com Sec Portfolio	$8 55	8 98	-0 04	1 86
New Europe Fd	$10 51	11 04	-0 05	3 47
Fidelity Investment (CI) Ltd				
Blncd Port-Hedged	$12 91	13 56	-0 05	0 77
Blncd Port-Unhedged	$12 10	12 71	-0 04	0 82
Discovery	$18 39	19 31	-0 16	0 27
Far East	$49 90	52 40	-0 04	0 14
Frontier	$32 40	34 02	-0 04	0 30
Global Industries	$15 27	16 03	-0 05	-
Global Selection	$12 47	13 09		-
International	$15 13	15 89	-0 05	0 33
Orient	$79 36	83 33	+0 01	-
Special Growth	$24 45	25 67	-0 04	0 20
World	$84 57	88 80	-0 25	0 26
The First Korea Smaller Companies Fund				
NAV Jun 30		$9.57	-0 64	-
Five Arrows Intl Bond Fund (u)				
Rothschild Asset Management (CI)				
NAV per share		$13 44	+0 01	-
Fleming Group				
Fleming Fund Management (Lux)				
Balanced Fund		$25 10	(z)	-
Japan Warrant NAV		$1 68		-
European Wrnt NAV		$5 00	-0 04	-
FF Portfolio	$10.39	10 94	-0 06	-
Gartmore Luxembourg S.A.				
Worldwide Growth	[illegible]	7 65		-
Phoenix Fd		$14 60	-0 01	-
H.C.M. HYPO Capital Mgt Luxembourg SA				
H C M Lux Interbond	DM59 56	61 37		-
H C M DM-Rent	DM64 90	66 52		-
H C M DM-Kurz	DM102.58	107 84		-
H C M Eco Tech	DM98 49	103 41		-
H C M New Europe	DM82.62	86 75		-
H C M Umweltfonds	DM97 48	102 35		-
H C M DM-Cash Plus	DM1084 92	1090 89		-
H C M Euro-Cash	Ecu526 43	529 06		-
H C M Dollar-Cash	$506 69	509 22		-
H C M New Horizon	DM89 84	94 17		-
H C M Euro-Bond	Ecu101 35	104 39		-
H C M Dollar-Bond	$103 38	106 48		-
H.C.M DM-Garantie	DM101.75	102.77		-
Intermarket Multicurrency Fund				
Classe A		FFr-		-
Classe B		£-		-
Classe C		Y-		-
International Bond Trust				

	Bid Price	Offer Price	+ or -	Yield Gross
Aetna Malaysian Growth Fd (Cayman) Ltd				
NAV August 3		$9.3618		-
Alliance Capital				
International	$14 11	14 93	-0 01	-
International Ctr 6	$12 66	13 44	+0 01	-
Quasar	$20 21	21 34	-0 11	-
Quasar Cl B	$19 96	19 96	-0 11	-
Global Small Cap	$9 67	10 46	-0 06	-
Global Small Cap Cl B	$9 75	9 75	-0 06	-
Canadian Fd	$5 11	5 41	-0 02	-
Alliance International Currency Reserves				
US$ Premier Aug 5 $10 0.00960072 2.52%				
Asian Convertibles & Income Fd (Cayman)				
NAV Aug 5		$10 26	-0 26	-
Austro-Hungary Fund Ltd				
Lloyds Bank Fund Managers (Guernsey) Ltd				
NAV Jul 20		$6 62		-
BEA Associates				
[illegible]		$2 46		-
[illegible]		$11 7981		-
[illegible]		$13 63		-
[illegible]		$12 45		-
[illegible]		$44 91		-
Julius Baer Bank & Trust Co Ltd				
Liquibaer	$2151 07	2152 09		-
Julius Baer Multistock				
Emerging Europe	[illegible]	[illegible]		-
Bque Fr Serv & Cr/Europ Inv Mgt Ltd				
Partner Emerging Markets Umbrella Fund				
Latin Am Class A Jun 30		$9 04	-1 00	-
Latin Am Class B Jun 30		$9 04	-1 00	-
Asia Class A Jun 30		$10 33	+0 13	-
Asia Class B Jun 30		$10 33	+0 13	-
Global Class A Jun 30		$9 74	-0 39	-
Global Class B Jun 30		$9 74	-0 39	-
Baring International Group				
Korea Fd	$5 51	5 78		-
Puma Fd NAV Jul 31		$20 82		-
Orientals (Grth) Jul 31		$7 59		-
Orientals (Inc) Jul 31		$7 69		-
The Batavia Fund Ltd				
NAV Jul 31		$8 96		-
Bermuda Intl Invmnt Mgmnt Ltd				
Anchor Intl	$18 77	15 89		1 19
Forexfund	$8 33	8 50		-
Bda Intl Currency	$17 75	17 93		-
Jap Ovrs Spec Sit	$8 94	9 13		-
Bermuda Int'l Bond Funds				
Intl US Dollar Cap	$39 62	39 02		-
Intl US Dollar Inc	$10 42	10 54		-
Intl ECU Cap	Ecu10 99	11 11		-
Intl ECU Inc	Ecu10 17	10 28		-
Intl Sterling Cap	£11 43	11 55		-
Intl Sterling Inc	£10 39	10 49		-
US Dollar Cap	$11 21	11 43		-
US Dollar Inc	$10 47	10 59		-

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Markets await payroll figure

THE DOLLAR traded in tight ranges against the D-Mark yesterday as the markets anxiously awaited today's US non-farm payroll figure for July, *writes James Blitz.*

The payroll figure is widely seen as the big number of the week, with the market expecting a rise in US employment of anything up to 200,000 on the month. Dealers believe that if the figure comes through as expected, the dollar could make a concerted move towards DM1.50. There is also speculation that June's fall of 117,000 in non-farm payroll was hugely overstated and some think that it could be revised all the way back to a 100,000 increase.

However, one leading London economist said that there was still deep uncertainty over the jobless figures. "We've got uncertain revisions, huge seasonal adjustments and one-off adjustments for government sponsored work-schemes, so the market has every right to be paralysed with fear," he said.

The dollar received a small boost yesterday from the Bundesbank's decision not to raise its emergency Lombard rate. Adding to the more relaxed mood was July's figure for German manufacturing orders, which were down 1.8 per cent on the month. Signs that the German economy is weakening will put pressure on the Bundesbank not to tighten policy further.

However, analysts believe that there are still reasons to fear a Lombard rate rise this autumn. Mr Neil MacKinnon, chief economist at Yamaichi International, thinks that Germany's M3 money supply figure for August, due out in three weeks time, will show monetary growth peaking at 9.5 per cent. He believes that the Bundesbank could raise the Lombard rate by 0.25 per cent in the wake of this.

In London, the dollar closed firmer against the D-Mark at DM1.4820 compared to a previous close of DM1.4760. In late US trading the dollar had softened back to DM1.4795.

After falling by around 2 pfennigs this week, sterling's descent against the D-Mark slowed down yesterday. The currency closed a little stronger against the D-Mark at DM2.8280 compared to a previous close of DM2.8250. However, dealers remain bearish towards the currency, which is testing its floor against both the Portuguese escudo and the Spanish peseta in the European Exchange Rate Mechanism. One analyst suggested that if the pound drifts down to DM2.80 in forthcoming days, the Bank of England will be forced to respond with heavy intervention.

The Italian lira was a little stronger against the D-Mark, closing at L756.0 compared to a previous close of L756.5. However, the French franc closed softer at FFr3.377 compared to a previous close of FFr3.380.

£ IN NEW YORK

Aug.6	Latest	Previous Close
£ Spot	1.9085-1.9095	1.9070-1.9080
1 month	1.10-1.09pm	1.14-1.12pm
3 months	3.26-3.24pm	3.37-3.34pm
12 months	11.6-11.5pm	11.8-11.7pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.6	Previous
8.30 am	91.8	92.0
9.00 am	91.9	92.0
10.00 am	91.8	92.0
11.00 am	91.7	92.0
Noon	91.7	91.9
1.00 pm	91.8	91.9
2.00 pm	91.8	92.0
3.00 pm	91.8	92.0
4.00 pm	91.8	91.9

CURRENCY RATES

Aug 6	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.754137	0.720672
U.S Dollar	3.00	1.44387	1.37353
Canadian $	5.50	1.70781	1.62901
Austrian Sch	7.50	15.0191	14.3520
Belgian Franc	8.50	43.9514	42.0025
Danish Krone	9.50	8.21273	7.85041
D-Mark	8.75	2.13375	2.03928
Dutch Guilder	8.50	2.40505	2.29915
French Franc	10¼	7.20708	6.88962
Italian Lira	13.75	1612.95	1542.13
Japanese Yen	3.25	183.732	175.194
Norway Krone	–	8.39466	8.02690
Spanish Peseta	–	136.124	130.175
Swedish Krona	10.00	7.74708	7.40676
Swiss Franc	7.00	1.91241	1.83023
Greek Drach	19	N/A	250.697
Irish Punt	–	N/A	0.766136

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Aug.5

CURRENCY MOVEMENTS

Aug 6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.8	-20.2
U.S Dollar	60.6	-18.4
Canadian Dollar	99.1	-2.1
Austrian Schilling	111.3	+12.9
Belgian Franc	113.1	-0.8
Danish Krone	111.5	+5.2
D-Mark	121.3	+26.9
Swiss Franc	109.4	+17.6
Dutch Guilder	116.3	+17.4
French Franc	106.2	-10.7
Lira	100.0	-19.2
Yen	136.8	+73.2
Peseta	108.2	-17.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Aug.5

OTHER CURRENCIES

Aug 6	£	$
Argentina	1.8885 - 1.8915	0.9900 - 0.9910
Australia	2.5885 - 2.5905	1.3555 - 1.3565
Brazil	8173.80 - 8178.50	4285.10 - 4285.30
Finland	7.7555 - 7.7690	4.0600 - 4.0630
Greece	344.900 - 350.400	181.250 - 184.150
Hong Kong	14.7390 - 14.7525	7.7320 - 7.7330
Iran	2717.00°	1436.00°
Korea(Sth)	1491.80 - 1515.85	786.10 - 792.30
Kuwait	0.56080 - 0.56180	0.29410 - 0.29450
Luxembourg	58.15 - 58.25	30.45 - 30.55
Malaysia	4.7635 - 4.7755	2.5010 - 2.5015
Mexico	5721.00 - 5733.56	3103.00 - 3104.00
N.Zealand	3.5095 - 3.5145	1.8385 - 1.8410
Saudi Ar	7.1055 - 7.1825	3.7495 - 3.7505
Singapore	3.0735 - 3.0810	1.6110 - 1.6120
S.Af (Cm)	5.2875 - 5.3005	2.7725 - 2.7745
S.Af (Fn)	7.0700 - 7.1100	3.7035 - 3.7245
Taiwan	47.60 - 47.80	24.95 - 25.05
U.A.E.	6.9575 - 7.0345	3.6715 - 3.6735

°Floating rate. Iran Official rate:£121.35 $63.75

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	174.081	-2.60	6.18	42
Spanish Peseta	133.631	130.175	-2.59	6.16	44
Belgian Franc	42.4032	42.0025	-0.94	4.40	30
D-Mark	2.05586	2.03928	-0.81	4.25	31
Dutch Guilder	2.31643	2.29915	-0.75	4.19	21
Irish Punt	0.767417	0.766136	-0.17	3.58	-7
French Franc	6.89509	6.88962	-0.08	3.49	-13
Danish Krone	7.84195	7.85041	0.11	3.30	-20
Italian Lira	1538.24	1542.13	0.25	3.15	-28
Sterling	0.696904	0.720672	3.41	0.00	-67

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9000 - 1.9105	1.9075 - 1.9085	1.09-1.07cpm	6.79	3.23-3.20pm	6.74
Canada	2.2525 - 2.2665	2.2655 - 2.2666	0.98-0.90cpm	4.98	2.90-2.80pm	5.03
Netherlands	3.1800 - 3.1910	3.1800 - 3.1900	¼cpm-par	0.47	½-¼pm	0.47
Belgium	58.15 - 58.35	58.15 - 58.25	4-1cpm	0.52	12-7pm	0.65
Denmark	10.8650 - 10.9060	10.8650 - 10.8750	⅛-1⅛oredis	-0.97	1⅜-2⅜dis	-0.78
Ireland	1.0605 - 1.0665	1.0605 - 1.0615	0.07-0.04ppm	0.62	0.13-0.07pm	0.38
Germany	2.8245 - 2.8300	2.8250 - 2.8300	⅛pfpm-par	0.27	⅜-¼pm	0.44
Portugal	241.15 - 244.25	241.30 - 241.80	88-110cdis	-4.92	232-291dis	-4.33
Spain	180.30 - 180.90	180.30 - 180.60	51-57cdis	-3.59	145-155dis	-3.33
Italy	2134.30 - 2139.70	2137.00 - 2138.00	7-9liredis	-4.49	20-22dis	-3.93
Norway	11.1150 - 11.1530	11.1150 - 11.1250	½-¼oredis	-0.40	⅛-1dis	-0.25
France	9.5415 - 9.5620	9.5450 - 9.5550	⅛pm-⅛cdis	–	⅛-¼dis	-0.08
Sweden	10.2650 - 10.2920	10.2650 - 10.2750	1⅝-2¼oredis	-2.26	5⅛-6⅛dis	-2.24
Japan	242.50 - 244.25	243.25 - 244.25	1⅜-1⅛ypm	6.15	3⅞-3⅝pm	6.15
Austria	19.86 - 19.97	19.87 - 19.90	⅞-¼gropm	0.34	3⅛-1pm	0.43
Switzerland	2.5340 - 2.5450	2.5350 - 2.5450	½-¼cpm	1.77	1⅛-1pm	1.77
Ecu	1.3865 - 1.4000	1.3870 - 1.3880	0.08-0.13cdis	-0.91	0.17-0.24dis	-0.59

Commercial rates taken towards the end of London trading. Six-month forward dollar 6.28-6.23pm. 12 Month 11.56-11.46pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9000 - 1.9105	1.9075 - 1.9085	1.09-1.07cpm	6.79	3.23-3.20pm	6.74
Ireland†	1.7890 - 1.7990	1.7975 - 1.7985	1.15-1.10cpm	7.44	3.21-3.15pm	7.07
Canada	1.1830 - 1.1875	1.1865 - 1.1875	0.17-0.19cdis	-1.82	0.50-0.53dis	-1.74
Netherlands	1.6680 - 1.6775	1.6690 - 1.6700	0.91-0.94cdis	-6.65	2.69-2.74dis	-6.50
Belgium	30.45 - 30.65	30.45 - 30.55	15.00-17.50cdis	-6.39	47.00-50.50dis	-6.39
Denmark	5.6950 - 5.7270	5.6950 - 5.7000	3.55-3.85oredis	-7.79	10.70-11.40dis	-7.76
Germany	1.4785 - 1.4885	1.4810 - 1.4820	0.80-0.81pfdis	-6.52	2.40-2.42dis	-6.51
Portugal	126.50 - 127.05	126.50 - 126.60	122-129cdis	-11.90	350-370dis	-11.38
Spain	94.55 - 95.15	94.60 - 94.70	80-83cdis	-10.27	237-243dis	-10.14
Italy	1118.75 - 1124.90	1120.00 - 1120.50	10.50-11.50liredis	-11.78	30.50-31.90dis	-11.14
Norway	5.8270 - 5.8565	5.8270 - 5.8280	3.15-3.45oredis	-6.80	10.00-10.60dis	-7.07
France	4.9970 - 5.0380	5.0025 - 5.0075	2.85-2.90cdis	-6.89	8.67-8.77dis	-6.97
Sweden	5.3755 - 5.4040	5.3800 - 5.3850	4.05-4.30oredis	-9.31	12.20-12.75dis	-9.27
Japan	127.25 - 127.85	127.65 - 127.75	0.07-0.08ydis	-0.70	0.20-0.22dis	-0.66
Austria	10.4310 - 10.4650	10.4350 - 10.4400	5.50-5.85grodis	-6.52	16.35-17.35dis	-6.46
Switzerland	1.3270 - 1.3355	1.3305 - 1.3315	0.54-0.57cdis	-5.00	1.67-1.72dis	-5.09
Ecu	1.3700 - 1.3775	1.3750 - 1.3760	0.89-0.88cpm	7.72	2.60-2.57pm	7.52

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency

EURO-CURRENCY INTEREST RATES

Aug 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9⅝ - 9½	9¾ - 9⅝	10⅛ - 10	10⅛ - 10¼	10½ - 10⅜	10½ - 10⅜
US Dollar	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3¼	3⅜ - 3⅜
Can. Dollar	5⅝ - 5½	5⅝ - 5½	5⅜ - 5⅜	5⅜ - 4⅞	5⅜ - 4⅞	5⅛ - 4⅞
Dutch Guilder	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9¾	9⅞ - 9⅞	9⅞ - 9¾	9⅞ - 9⅞
Swiss Franc	8¼ - 8	8¼ - 8	8⅜ - 8⅜	8½ - 8⅜	8⅜ - 8⅜	8⅞ - 8⅜
D-Mark	9⅞ - 9⅞	9¾ - 9⅝	9⅞ - 9⅝	9⅞ - 9¾	9⅞ - 9⅞	9⅞ - 9¾
French Franc	10 - 9⅞	10 - 9⅞	10⅛ - 9⅞	10¼ - 10⅛	10⅜ - 10¼	10⅜ - 10¼
Italian Lira	15 - 13	14¼ - 13¼	14¼ - 13¼	14¼ - 13¾	14¼ - 13¾	14½ - 14
Belgian Franc	9¾ - 9⅝	9⅞ - 9⅞	9⅞ - 9⅞	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝
Yen	4⅛ - 4⅛	4⅜ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	3⅞ - 3¾	3⅞ - 3¾
Danish Krone	11½ - 11	11½ - 11	11 - 10¾	11 - 10¾	11 - 10¾	10⅞ - 10⅝
Asian $Sing	2⅝ - 2½	2⅝ - 2½	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2¾	3⅜ - 3¼
Spanish Peseta	12⅞ - 12⅝	13⅛ - 12⅞	13⅛ - 12⅞	13¼ - 13	13⅜ - 13⅛	13⅜ - 13⅛

Long term Eurodollars: two years 4⅝-4½ per cent; three years 5¼-5⅛ per cent; four years 5⅞-5¾ per cent; five years 6⅜-6¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice.

EXCHANGE CROSS RATES

Aug.6	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr	Pta	Ecu
£	1	1.908	2.828	243.8	9.550	2.540	3.185	2138	2.266	58.29	160.5	1.388
$	0.524	1	1.482	127.8	5.005	1.331	1.669	1121	1.188	30.50	94.60	0.727
DM	0.354	0.675	1	86.21	3.377	0.898	1.126	756.0	0.801	20.58	63.83	0.491
YEN	4.102	7.826	11.60	1000.	39.17	10.42	13.06	8769	9.295	238.7	740.4	5.693
F Fr.	1.047	1.998	2.961	255.3	10	2.660	3.335	2239	2.373	60.94	189.0	1.453
S Fr.	0.394	0.751	1.113	95.98	3.760	1	1.254	841.7	0.892	22.91	71.06	0.546
N Fl.	0.314	0.599	0.888	76.55	2.998	0.797	1	671.3	0.711	18.27	56.67	0.436
Lira	0.468	0.892	1.323	114.0	4.467	1.188	1.490	1000	1.060	27.22	84.42	0.649
C$	0.441	0.842	1.248	107.6	4.214	1.121	1.406	943.5	1	25.68	79.66	0.613
B Fr.	1.718	3.278	4.859	418.9	16.41	4.364	5.473	3674	3.893	100	310.1	2.385
Pta	0.554	1.057	1.567	135.1	5.291	1.407	1.765	1184	1.256	32.24	100.	0.769
Ecu	0.720	1.375	2.037	175.6	6.880	1.830	2.295	1540	1.633	41.93	130.0	1

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100: Peseta per 100

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Sep	Dec	Puts-settlements Sep	Dec
93	3-59	4-40	0-01	0-32
94	2-60	3-51	0-02	0-43
95	1-63	2-63	0-05	0-55
96	1-08	2-19	0-14	1-11
97	0-31	1-44	0-37	1-36
98	0-11	1-13	1-17	2-05
99	0-04	0-54	2-10	2-46
100	0-01	0-36	3-07	3-28

Estimated volume total, Calls 1521 Puts 2634
Previous day's open int. Calls 54958 Puts 54800

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Sep	Dec	Puts-settlements Sep	Dec
102	3-15	3-18	0-05	1-18
103	2-21	2-43	0-11	1-43
104	1-32	2-10	0-22	2-10
105	0-53	1-45	0-43	2-45
106	0-27	1-20	1-17	3-20
107	0-12	1-00	2-02	4-00
108	0-05	0-48	2-59	4-48
109	0-02		3-56	

Estimated volume total, Calls 70 Puts 640
Previous day's open int. Calls 3574 Puts 2877

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Sep	Dec	Puts-settlements Sep	Dec
8550	1.63	2.24	0	0.12
8600	1.15	1.80	0.02	0.18
8650	0.68	1.40	0.05	0.28
8700	0.31	1.05	0.18	0.43
8750	0.11	0.76	0.48	0.64
8800	0.03	0.53	0.90	0.91
8850	0.01	0.35	1.38	1.23
8900	0	0.22	1.87	1.60

Estimated volume total, Calls 4012 Puts 14525
Previous day's open int. Calls 163769 Puts 124259

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Sep	Dec	Puts-settlements Sep	Dec
8925	0.93	1.10	0	0.01
8950	0.68	0.87	0	0.03
8975	0.44	0.64	0.01	0.05
9000	0.20	0.43	0.02	0.09
9025	0.04	0.26	0.11	0.17
9050	0.02	0.14	0.34	0.30
9075	0	0.08	0.57	0.49
9100	0	0.05	0.82	0.71

Estimated volume total, Calls 5291 Puts 5818
Previous day's open int. Calls 114037 Puts 97795

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

Strike Price	Calls-settlements Sep	Dec	Puts-settlements Sep	Dec
9300	1.67	2.96	0.12	0.91
9350	1.23	2.60	0.18	1.05
9400	0.84	2.25	0.29	1.20
9450	0.56	1.93	0.50	1.38
9500	0.33	1.64	0.78	1.59
9550	0.18	1.38	1.13	1.83
9600	0.09	1.14	1.54	2.09
9650	0.04	0.92	1.99	2.37

Estimated volume total, Calls 2156 Puts 2128
Previous day's open int. Calls 40434 Puts 41375

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Sep	Dec	Puts-settlements Sep	Dec
8875	0.87	1.03	0.01	0.07
8900	0.64	0.83	0.03	0.12
8925	0.42	0.65	0.06	0.19
8950	0.22	0.48	0.11	0.27
8975	0.09	0.33	0.23	0.37
9000	0.04	0.22	0.43	0.51
9025	0.01	0.15	0.65	0.69
9050	0	0.09	0.89	0.88

Estimated volume total, Calls 1319 Puts 2002
Previous day's open int. Calls 113281 Puts 88291

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	96-29	97-06	96-21	96-26
Dec	97-04	97-12	96-28	97-00

Estimated volume 32707 (51210)
Previous day's open int. 70712 (68863)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sep	105-05	105-13	105-03	105-15
Dec	104-00			104-10

Estimated volume 1005 (1211)
Previous day's open int. 3012 (3299)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	87.13	87.18	86.89	86.95
Dec	87.62	87.60	87.39	87.43

Estimated volume 44886 (51051)
Previous day's open int. 111523 (111938)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Sep	104.58	104.68	104.55
Dec	104.08		

Estimated volume 1061 (318)
Traded exclusively on APT

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Sep	97.30			96.95
N				
A				

Estimated volume 0 (0)
Previous day's open int. 0 (0)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) *
LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Sep	94.55	94.67	94.22	94.21
Dec	95.05	95.10	95.01	94.72

Estimated volume 16619 (20572)
Previous day's open int. 35420 (35849)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Sep	89.61	89.65	89.57	89.59
Dec	89.71	89.75	89.67	89.71
Mar	90.02	90.07	90.00	90.03
Jun	90.31	90.33	90.27	90.27
Sep	90.53	90.55	90.50	90.49
Dec	90.59	90.62	90.57	90.56

Est. Vol. (inc. figs. not shown) 28340 (36738)
Previous day's open int. 240716 (238778)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Sep	96.54	96.54	96.53	96.55
Dec	96.20	96.21	96.18	96.19
Mar	96.10	96.10	96.09	96.11
Jun	95.77	95.77	95.77	95.76

Est. Vol. (inc. figs. not shown) 1503 (1785)
Previous day's open int. 29380 (29265)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev
Sep	90.18	90.20	90.17	90.16
Dec	90.34	90.38	90.31	90.31
Mar	90.68	90.71	90.66	90.65
Jun	90.97	90.99	90.96	90.94
Sep	91.21	91.22	91.20	91.18
Dec	91.39	91.41	91.38	91.36

Estimated volume 37578 (41071)
Previous day's open int. 352829 (353840)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Sep	89.27	89.27	89.18	89.15
Dec	89.55	89.55	89.44	89.43
Mar	90.05	90.05	89.98	89.92
Jun	90.45	90.45	90.37	90.39

Estimated volume 2148 (1168)
Previous day's open int. 12038 (11739)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Sep	91.48	91.50	91.42	91.40
Dec	91.68	91.70	91.62	91.60
Mar	91.97	91.98	91.90	91.90
Jun	92.27	92.26	92.20	92.20

Estimated volume 6782 (8827)
Previous day's open int. 47090 (46073)

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Sep	85.67	85.78	85.67	85.72
Dec	86.27	86.40	86.26	86.31
Mar	86.77	86.84	86.76	86.87
Jun	87.08	87.08	87.00	87.19

Estimated volume 2177 (2362)
Previous day's open int. 22808 (22659)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	2415.0
Dec	2431.5	2450.0	2417.0	2459.0
Mar	2466.5			2494.0

Estimated volume 8559 (5494)
Previous day's open int. 47267 (47512)

* Contracts traded on APT. Closing prices shown

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth	3-mth	6-mth	12-mth
1.9080	1.8972	1.8759	1.8455	1.7929

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sep	105-09	105-13	105-03	105-10
Dec	104-04	104-08	103-29	104-05
Mar	102-30	103-04	102-28	103-01
Jun	101-26	101-30	101-24	101-30
Sep	-	-	-	100-29
Dec	-	-	-	99-30
Mar	-	-	-	99-02
Jun	-	-	-	98-09
Sep	-	-	-	97-19
Dec	-	-	-	97-00

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	96.84	96.85	96.84	96.83
Dec	96.64	96.64	96.63	96.62
Mar	96.54	96.54	-	96.52
Jun	96.22	96.25	96.22	96.22

BRITISH POUND (IMM)
$ per £

	Latest	High	Low	Prev.
Sep	1.8950	1.8956	1.8898	1.8900
Dec	1.8620	1.8642	1.8590	1.8584
Mar	1.8340	1.8340	-	1.8294

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.7472	0.7479	0.7452	0.7450
Dec	0.7385	0.7385	0.7368	0.7354
Mar	0.7270	-	-	0.7270

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.7831	0.7835	0.7826	0.7827
Dec	0.7820	0.7824	0.7819	0.7819
Mar	0.7822	0.7822	-	0.7822

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.6701	0.6703	0.6647	0.6690
Dec	0.6597	0.6598	0.6582	0.6585
Mar	0.6490	-	-	0.6490
Jun	0.6403	-	-	0.6403

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	96.55	96.56	96.54	96.54
Dec	96.20	96.21	96.18	96.19
Mar	96.11	96.12	96.08	96.09
Jun	95.77	95.78	95.74	95.75
Sep	95.37	95.39	95.36	95.35
Dec	94.81	94.81	94.78	94.77
Mar	94.60	94.61	94.58	94.57
Jun	94.24	94.26	94.22	94.22

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	421.85	422.20	421.75	422.35
Dec	422.35	422.60	422.30	422.85
Mar	423.05	-	423.05	423.50
Jun	423.90	-	423.90	424.40

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Aug	Sep	Oct	Dec	Puts Aug	Sep	Oct	Dec
1.825	8.05	8.05	8.15	8.36	-	0.52	1.55	3.19
1.850	5.60	5.78	6.13	6.52	0.05	1.02	2.35	4.25
1.875	3.25	3.86	4.42	4.96	0.33	1.81	3.34	5.59
1.900	1.52	2.48	3.04	3.73	1.05	2.86	4.71	7.01
1.925	0.52	1.47	2.14	2.75	2.59	4.43	6.33	8.64
1.950	0.11	0.81	1.41	2.04	4.62	6.29	8.11	10.47
1.975	-	0.41	0.88	1.45	6.98	8.34	10.12	12.43

Previous day's open int: Calls 366,071 Puts 566,559 (All currencies)
Previous day's volume: Calls 5,041 Puts 8,546 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	† Yield	† Open Int.
September	105.44	105.80	+0.26	105.80	105.38	9.12	140,895
December	105.74	106.12	+0.26	106.02	105.70	9.07	50,832
March	106.22	106.54	+0.22	106.46	106.20	9.00	9,559

Estimated volume 119,893 † Total Open Interest 204,674

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	† Yield	† Open Int.
September	89.70	89.75	+0.05	89.75	89.70	10.30	18,934
December	89.86	89.94	+0.07	89.94	89.86	10.13	23,691
March	90.14	90.21	+0.07	90.21	90.14	9.86	6,389
June	90.46	90.46	+0.06	90.46	90.43	9.60	3,937

Estimated volume 18,702 † Total Open Interest 57,766

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	† Yield	† Open Int.
August	1818.0	1810.0	-2.0	1823.0	1803.0	-	14,380
September	1828.0	1825.0	-2.0	1835.5	1820.0	-	5,513
October	1843.0	1840.0	-	1843.0	1843.0	-	0

Estimated volume 6,726 † Total Open Interest 20,943

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	† Yield	† Open Int.
September	101.94	102.54	+0.52	102.54	101.94	9.66	12,950
December	102.46	102.74	+0.52	102.70	102.46	9.63	62

Estimated volume 7,967 † Total Open Interest 13,012

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	December	March	Puts September	December	March
104	-	-	-	0.11	0.63	-
105	1.02	-	-	0.28	0.92	-
106	0.44	1.40	1.92	0.67	1.33	1.45
107	0.15	0.93	-	1.38	1.83	-
108	0.04	0.59	1.05	2.29	-	-
Open Int.	150,727	262,449	10,900	120,382	66,263	7,405

Estimated volume 31,335 † Total Open Interest 638,126
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

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MONEY MARKETS

Short dates softer

SHORT-DATED rates in the sterling cash market were slightly softer yesterday as dealers spotted signs that the Bundesbank may not raise its emergency Lombard rate again this year.

The Bundesbank's decision not to raise the Lombard rate at its council meeting yesterday had been widely expected. But there was speculation, too, that the German central bank could bring forward the date of a rate cut following July's figure for German manufacturing orders. This was down 1.8 per cent on the previous month, heightening signs of a slowdown in the German economy and the need to stimulate growth.

UK clearing bank base lending rate 10 per cent from May 5, 1992

The most significant reason for the softening of sterling rates yesterday was the German central bank's decision to provide an estimated DM4bn to DM6bn of short term funds to the market at a rate of 9.70 per cent. The Bundesbank's decision to drain DM8bn from the banking system on Wednesday had caused deep anxiety, as it pushed call money up to the Lombard rate level. However, there were suggestions that the Bundesbank had withdrawn the cash in anticipation of a flow of liquidity to the market later this month from the banking sector. Yesterday's new injection was probably provided as bridging funding.

One-month sterling cash was down 1/16 per cent to 10⅛ per cent on the offered side, and 3-month cash was down a similar amount to 10 3/16 per cent. September short sterling rose 4 basis points from its opening figure to close at 89.61.

Cash rates remained bearish further out, however, as the fundamental view on a possible rate cut is still gloomy. One-year money was firmer on the offered side at 10½ per cent from a previous close of 10 7/16 per cent.

The Bank of England dealt in Band 1 at 9⅞ per cent and in repurchase agreements (repos) at 9 15/16 per cent. After forecasting a shortage of £1.05bn, the Bank purchased £50m in the repo. The forecast was later revised to £1.2bn. In further operations, the Bank purchased £440m in Band 1 bank bills and £600m in the "repo." The forecast was later revised to around £1.25bn. The Bank purchased £1m in Band 1 Treasury bills and £180m of Band 1 bank bills.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug 6) 3 months US dollars		6 months US Dollars	
bid 3⅜	offer 3½	bid 3 7/16	offer 3 9/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.14	Three year	4.70
Broker loan rate	5¼	Two month	3.15	Five year	5.67
Fed funds	3⅛	Three month	3.24	Seven year	6.17
Fed funds at intervention	-	Six month	3.36	10-year	6.65
		One year	3.54	30-year	7.45
		Two year	4.28		

Aug 6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.70-9.80	9.70-9.80	9.75-9.85	9.75-9.85	9.75
Paris	9⅝-9⅞	9 15/16-10⅛	10⅛-10⅜	10⅛-10⅜	10¼-10⅜	9.60
Zurich	7⅝-8⅛	8¼-8½	-	8¼-8½	-	-
Amsterdam	-	-	-	-	-	-
Tokyo	4⅜-4⅜	4⅜-4¼	-	4⅜-4¼	-	-
Milan	14¼	14⅞-15	-	14⅝-14¾	-	-
Brussels	9.43-9.56	9⅝-9⅞	-	9⅝-9⅞	-	-
Dublin	10⅛-10⅜	10⅜-10⅝	10⅜-10½	10⅜-10½	10 7/16-10⅝	-

LONDON MONEY RATES

Aug 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10¼	10	10⅛	10⅜	10 5/16	10½
Interbank Bid	7	9⅞	10	10⅛	10 3/16	10⅜
Sterling CDs	-	-	10⅛	10⅛	10⅜	10⅜
Local Authority Deps	9⅝	9¾	10⅛	10 3/16	10¼	10½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	9¾	9 15/16	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	10 3/16	10⅜	10 5/16	10 7/16
Treasury Bills (Buy)	-	-	9¾	9 13/16	9⅞	-
Bank Bills (Buy)	-	-	9¾	9 13/16	9 13/16	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.26	3.28	3.38	3.58
SDR Linked Dep Offer	-	-	6 5/16	6⅜	6¼	6⅜
SDR Linked Dep Bid	-	-	5 15/16	6⅛	6⅛	6¼
ECU Linked Dep Offer	-	-	11⅛	11⅛	11⅛	10 15/16
ECU Linked Dep Bid	-	-	10 15/16	10 15/16	10 15/16	10 13/16

Treasury Bills (sell): one-month 9 11/16 per cent; three months 9⅝ per cent; six months 9 9/16 per cent. Bank Bills (sell): one-month 9 11/16 per cent; three months 9¾ per cent. Treasury Bills: Average tender rate of discount 9.6127 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1992. Agreed rates for period August 26, 1992 to September 22, 1992, Scheme I: 11.27 p.c. Schemes II & III: 11.46 p.c. Reference rate for period July 1, 1992 to July 31, 1992, Scheme IV&V: 10.188 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from August 1, 1992. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent. Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.7,919 Set by HIGHLANDER

ACROSS

1 Wise man protects new boat from enemy damage (8)
5 Aim to bring up counter-arguments (6)
10 Amount of interest cricket side take in protective covering (5)
11 Pig-headed old boys can have taken food (9)
12 Approval to proceed with evacuation (9)
13 Remains to be seen for example among medical men (5)
14 Snakes and their associates left out (6)
15 Gasp with exertion when pursued by female leopard (7)
18 Savoury is underdone: start to bake it (7)
20 Put forward by football team perhaps in a legal situation (6)
22 Symbol on stave showing tempo is split (5)
24 Not willing to let cat run all over the place (9)
25 Struggle to fire old weapon (6-3)
26 Anxious to have a German reporter covering it (5)
27 Force hospital into market-oriented commercial group (6)
28 Make a move to finish game on board with friend (8)

DOWN

1 Chaser abandoned hunt (6)
2 Haggle about tip for liquor supplier (9)
3 A number of environmentally sound containers allegedly on wall pendant (3,5,7)
4 Establishes reason for coffee sediment (7)
6 Assembling group of people for financial institution (8,7)
7 Get rid of English periods first (5)
8 Novel name for island's prize (8)
9 In a dormant state when skin is lifted (6)
16 London park warden said it's a flowering shrub (9)
17 Useful for stonewalling blunt criticism? (8)
19 Two sailors with a dental problem (6)
20 Fuel extractor work doesn't start before spring (3,4)
21 Don't eat food after salmonella starts – avert disaster (6)
23 Go into problem with intestine after it is removed (5)

Solution to Puzzle No.7,918

RETURN TOMAHAWK / AKIMBO BEARINGS / HANDSOME ADVICE / NULL BLOOMER / INGRATE ANIL / ACTION SCARCITY / TENEMENT SEDATE / RESIDENT STRESS

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices August 6

Total Sales 12,355,200 shares

MONTREAL

2:45 pm prices August 6

INDICES

NEW YORK

DOW JONES	Aug 5	Aug 4	Aug 3	Jul 31	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3365.14	3384.32	3395.40	3393.78	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	101.98	101.98	102.04	102.13	102.13 (30/7)	98.41 (20/3)	102.13 (30/7/92)	54.99 (1/10/81)
Transport	1291.20	1310.93	1314.76	1317.64	1467.68 (20/2)	1259.74 (25/7)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	222.52	224.34	225.46	225.40	225.59 (3/8)	200.74 (8/4)	236.23 (21/1/90)	10.50 (8/4/32)

Day's High 3391.35 (3405.12) Low 3347.58 (3367.03)

STANDARD AND POOR'S

	Aug 5	Aug 4	Aug 3	Jul 31	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	422.19	424.36	425.09	424.21	425.09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	496.12	498.83	499.51	498.11	499.51 (3/8)	470.91 (8/4)	499.51 (3/8/92)	3.62 (21/6/32)
Financial	36.42	36.51	36.66	36.60	36.66 (3/8)	32.40 (9/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	232.29	233.39	233.66	233.15	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	389.90	391.82	390.87	388.85	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	576.87	581.32	582.36	580.83	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jul 31	Jul 24	Jul 17	year ago (approx)
Dow Industrial Div. Yield	3.07	3.17	3.13	3.07

	Jul 29	Jul 22	Jul 15	year ago (approx)
S & P Industrial div. yield	2.59	2.68	2.64	2.77
S & P Indl. P/E ratio	29.31	28.50	28.95	19.02

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
IBM	2,636,100	91⅝	-2⅝
JWP	2,566,000	6¼	...
Illinois Power	2,152,800	20¼	-4⅞
Gen Motors	2,139,000	39⅛	-1⅛
Ford Motor	2,092,600	43¼	-⅞
RJR Nabisco	1,613,400	8⅞	.
Philip Morris	1,595,200	80⅞	+½
Eastman Kodak	1,579,200	44¼	+½
US Surgical	1,556,300	85⅞	-5¼
Pfizer	1,552,800	81	+¼

TRADING ACTIVITY

† Volume (Millions)	Aug 5	Aug 4	Aug 3
New York SE	172.420	166.740	164.360
Amex	8.653	11.747	11.118
NASDAQ	163.782	168.492	141.297
NYSE			
Issues Traded	2,322	2,304	2,307
Rises	720	864	965
Falls	1,025	831	773
Unchanged	577	609	569
New Highs	105	138	129
New Lows	28	22	16

CANADA

TORONTO	Aug 5	Aug 4	Aug 3	Jul 31	1992 HIGH	1992 LOW
Metals & Minerals	3031.48	3050.08	(c)	3076.09	3238.87 (16/1)	2828.26 (8/4)
Composite	3406.19	3426.04	(c)	3443.40	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1784.28	1797.23	1804.98	1809.05	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

	Aug 6	Aug 5	Aug 4	Aug 3	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1588.6	1605.4	1612.5	1617.3	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	695.8	703.6	705.4	708.9	726.80 (3/7)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	313.71	330.02	322.63	322.09	458.57 (24/2)	313.71 (6/8)
Traded Index (2/1/91)	744.21	764.05	770.60	766.91	1099.43 (24/2)	744.21 (6/8)
BELGIUM						
BEL20 (1/1/91)	1143.19	1139.75	1136.29	1137.78	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	305.08	303.64	305.69	306.59	365.29 (15/1)	303.64 (5/8)
FINLAND						
HEX General (28/12/90)	688.5	689.6	686.5	683.1	935.90 (24/2)	683.00 (31/7)
FRANCE						
CAC General (31/12/82)	483.68	486.87	489.27	492.48	555.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1793.84	1797.98	1787.63	1784.44	2077.49 (11/5)	727.49 (22/7)
GERMANY						
FAZ Aktien (31/12/58)	638.85	636.62	637.61	631.84	725.26 (26/5)	631.84 (3/8)
Commerzbank (1/12/53)	1807.5	1802.5	1802.5	1785.3	2043.80 (25/5)	1785.30 (3/8)
DAX (30/12/87)	1621.15	1628.81	1611.51	1594.71	1811.57 (25/5)	1578.73 (10/7)
HONG KONG						
Hang Seng Bank (31/7/64)	5829.83	5841.24	5859.78	5910.73	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1265.17	1268.03	1268.97	(c)	1469.57 (17/1)	1262.98 (28/7)
ITALY						
Banca Com. Ital. (1972)	421.37	419.63	424.35	416.64	551.59 (6/2)	397.73 (30/7)
MIB General (2/1/92)	829.0	827.0	838.0	818.0	1086.00 (5/2)	779.00 (30/7)
JAPAN						
Nikkei (16/5/49)	15926.44	15983.64	15692.59	15709.45	23801.18 (6/1)	15095.95 (29/7)
Tokyo SE (Topix) (4/1/68)	1207.32	1213.34	1200.17	1207.34	1763.43 (6/1)	1170.93 (29/7)
2nd Section (4/1/68)	1672.37	1683.53	1693.86	1706.84	2459.85 (6/1)	1672.37 (6/8)
MALAYSIA						
KLSE Composite (4/4/86)	598.27	602.58	603.54	601.39	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tu Rtn Gen (End 1983)	290.7	293.3	291.9	291.6	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1985)	198.6	200.3	199.4	199.2	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	643.27	653.67	662.20	669.44	772.74 (18/5)	643.24 (20/7)
PHILIPPINES						
Manila Comp (2/1/85)	1463.80	1485.85	1491.98	1479.82	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	381.42	387.71	390.59	388.18	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	998.04	1010.0	1028.0	1041.0	1327.00 (21/1)	998.00 (6/8)
JSE Industrial (28/9/78)	4198.08	4203.0	4214.0	4215.0	4689.00 (4/6)	4103.00 (27/7)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	500.04	493.33	501.48	508.63	691.48 (8/3)	493.33 (5/8)
SPAIN						
Madrid SE (30/12/85)	217.45	217.87	217.77	216.15	266.51 (28/2)	211.35 (28/7)
SWEDEN						
Affarsvariden Gen. (1/2/37)	859.4	863.1	864.3	859.4	1014.50 (11/5)	834.70 (24/7)
SWITZERLAND						
Swiss Bank Ind (31/12/58)	847.8	849.1	841.7	839.0	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	638.3	638.9	634.5	632.0	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4122.78	4134.91	4088.18	4072.08	5391.63 (30/1)	3947.32 (29/7)
THAILAND						
Bangok SET (30/4/75)	767.48	761.51	754.48	757.22	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) (S)	492.5°	494.7	494.8	495.7	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	857.50	861.16	859.71	856.90	976.55 (25/5)	840.06 (27/7)

**Saturday August 1: Taiwan Weighted Price 4101.84; Korea Comp Ex. 506.57.
‡ Subject to official recalculation. °Calculated at 15.00 GMT.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000; JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Thursday 6 August 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Okamoto Inds	7.4m	940	-10	Mitsubishi Hvy	1.8m	525	+5
Meiji Milk Prod	4.5m	796	-1	Mitsui Eng&Ship	1.7m	386	-6
Mochida Pharm	3.2m	2,720	+50	Morinaga Milk	1.6m	850	-27
JPN Storage Batt	2.5m	713	-49	Daikin Inds	1.6m	649	-1
Kawasaki Hvy	1.8m	370		Hitachi	1.5m	758	-2

3:00 pm prices August 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11⅞	AAR Corp x	0.48	3.8	20	330	13	12¾	12¾	-⅛
25	18	A L Labs A	0.18	0.9	74	112	20⅜	20⅛	20⅜	+⅛
68¼	42⅝	AMP Inc x	1.52	2.8	21	268	56¼	55⅛	55¼	
80¼	60⅞	AMR				227435	63⅛	61⅞	61⅞	-1⅛
2⅞	1⅝	ARX			2	145	1⅝	1¾	1⅝	+⅛
53½	38¼	ASA	2.00	5.1	25	387	39⅜	38¾	39¼	+½
34¼	26⅛	Abbott Lab	0.60	1.9	225936		31⅛	30⅝	30⅞	+⅛
13⅞	12	Abitibi Pr	0.50	3.7	7	z100	13⅛	13⅜	13½	+⅛
11⅝	10⅛	ACM Gvt In x	0.96	8.5		406	11⅜	11¼	11¼	
10⅜	9⅛	ACM GvOpp	0.60	6.2		139	9⅞	9⅛	9⅞	-⅛
9½	8½	ACM Gvt Sp x	0.82	8.9		91	9⅜	9⅛	9¼	
11¼	10¼	ACM Gvt Se	0.96	8.7		25	11	10⅞	11	
10⅛	8⅝	ACM Man	1.08	10.7		791	u10¼	9⅞	10⅛	+⅛
12⅞	10⅝	ACM Managd	0.99	8.9		80	11⅛	11⅛	11⅛	-⅛
11⅝	4⅛	Acme Cleve x	0.40	5.6	13	161	7⅛	7⅛	7⅛	-⅛
8¼	4⅞	Acme Elect			4	25	4⅞	4½	4⅝	+⅛
33¼	18⅛	Acuson			12	312	19⅛	19	19	-⅛
19½	18⅛	Adams Expr	1.63	8.6	0	19	19⅛	19	19	-⅛
49⅛	29½	Ad Micro	3.00	8.6		160	34⅞	34⅝	34¾	-⅛
21½	7½	Ad Micro P	3.00	32.0		34796	9⅞	9⅛	9⅜	+⅛
9⅛	5	Advest Grp	0.16	3.0	76	187	5½	5¼	5⅜	-⅛
37⅜	33	Aegon ADR	1.68	4.5	7	113	37⅜	37¼	37¼	
47	38⅛	Aetna L1 x	2.76	6.4	11	257	43	42⅞	43	
12⅛	8⅛	AHR A	0.24	1.9	14	1275	u12⅛	12	12⅞	+⅜
34	24	Aflac	0.44	1.3	17	1094	32⅞	32¼	32⅞	+⅝
19⅜	15⅛	Ahmanson x	0.88	5.1	7	324	17⅜	16⅞	17⅛	+⅛
22½	5¼	Aileen Inc			5	67	6¼	6⅛	6¼	
49½	36½	Air Pr Chm	0.86	2.0	18	1821	42¼	41½	42¼	+⅞
29⅜	12½	Airboe Frt	0.30	2.2	26	141	13½	13⅜	13⅝	-⅛
34¼	22⅝	Airgas Inc			25	51	30⅜	30¼	30¼	-⅛
12⅛	8⅛	Airlease	1.88	14.8	8	25	11½	11¼	11⅜	

Continued on next page

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous page

31½	34⅞	Xtra 1.94	1.94	6.4		27	30½	30½	30½	-¼
42¼	28½	Xtra Corp	0.80	2.0	14	80	40⅞	40⅝	40⅝	-¼
29½	25¼	Yankee Egy	1.68	5.7	13	10	29¼	29⅛	29⅛	
1½	½	Zapata			25	690	1⅛	1	1	-⅛
11⅛	6¾	ZenithElec			4	207	7¼	7⅛	7¼	
19½	14½	Zenith Nat x	1.00	5.5	6	20	18½	18¼	18¼	-¼
7⅞	6	Zenix Inc	0.82	11.3		55	u7⅞	7⅛	7¼	+⅛
13¾	10	Zero Corp x	0.40	3.4	19	55	12	11⅞	11⅞	-⅛
38	27¾	Zurn Ind	0.88	2.9	33	47	30⅝	30¼	30¼	-⅛
14⅛	12	Zweig Fund	1.15	8.9		121	13	12⅞	12⅞	-⅛
11	9½	Zweig Total	0.96	9.0		787	10⅝	10½	10⅝	+⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices August 6

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Bio-Rad A		19	88	20	19⅝	20	-⅛
Blount A	0.45	112	3	9⅛	9	9	
Bolar Ph		5	1884	12⅛	10	10½	-2⅛
Bow Valley		3	2	9	9	9	
Bowmar		10	65	1¼	1¼	1¼	
Bowne	0.25	12	229	17⅛	17	17	
Brascan A x	0.66	28	7	14¼	14¼	14¼	
BSN Corp	0.16	10	z100	6	6	5⅞	-⅛
Cal Engy		14	62	11⅞	11⅞	11⅞	
Calprop		0	9	1½	1⅜	1½	
Can Marc	0.24	13	4	13½	13½	13⅝	
Chmbrs A		10	736	8¾	8½	8½	-¼
Chambers		11	103	9	8⅝	8⅝	-¼
Champion		40	19	4	3⅞	4	+⅛
Chiles		0	z100	⅞	⅞	⅞	
Fina Inc A	3.20	38	z100	73½	73½	73½	
FstCityBnc	0.15	10	z100	7⅞	7⅞	7⅝	-⅛
Fluke (J)	0.48	26	36	26⅞	26⅝	26⅝	-⅛
Forest La		31	417	38	37¾	38	-⅛
Frequency		88	9	4⅝	4⅝	4½	
Fr ofLoom		18	1118	38⅞	37⅝	38	+¼
Glant FdA x	0.68	14	328	20¼	19¾	19¾	-⅛
Glatfltr	1.40	15	95	23½	23⅛	23½	+¼
Goldfield		2	30	⅜	⅜	⅜	
Greenman		6	96	5⅜	5¼	5⅜	+⅛
Gulf Cda	0.34	8	213	4⅝	4¹⁄₁₆	4⅝	+⅛
Hasbro x	0.20	19	2469	31⅛	30¾	31⅛	+⅛
Health Ch		8	15	1⅞	1⅝	1⅝	
Healthwat		187	2	1⅞	1⅞	1⅞	
Heico Cp	0.15	17	25	12¾	12¾	12¾	+⅛
Hillhaven		2	1474	2⅜	2¼	2¼	-⅛
Media A	0.44	6	10	18¾	18⅝	18⅝	
Mem Co		96	z100	5¾	5¾	5¾	
Mtchl En	0.40	17	z0	16¼	15⅞	16¼	
Moog A		38	z100	5½	5½	5½	
MSR Expl		2	15	³⁄₁₆	³⁄₁₆	³⁄₁₆	
Nat Pimt		2	379	3⅛	3	3	
New Line		16	26	11⅝	11⅝	11⅝	
NY TimesA	0.56	34	101	29	28½	29	+½
NthCanOil	0.18	102	z100	u12¾	12¾	12¾	+⅛
Numac O&G		2	67	4⅛	4⅛	4⅛	
NV Ryan		0	148	⅝	⁹⁄₁₆	⁹⁄₁₆	-¹⁄₁₆
Oneita A		287	16	5⅞	5¾	5¾	
Olsten	0.24	28	141	31⅞	31¼	31¼	
O&M Corp	0.14	7	z0	0	d0	6⅝	
Pall Corp	0.36	26	244	27½	27	27⅛	-⅛
Pegasus G	0.10	34	202	15⅝	15½	15½	-¼
TownCntry		0	235	2	2	2	-⅛
Tubos Mex		22	467	5⅞	5⅝	5¾	
UtdFoodsA		4	z100	1⅜	1⅜	1⅜	
UtdFoodsB		5	11	1⅜	1⅝	1⅜	
UnivPtnts		33	23	10¼	10⅛	10⅛	-¼
US Cellul		64	62	20⅛	20	20	-⅛
Vlvigen		51	195	15	13¾	14	-1⅛
WangLab C		1	6	3⅛	3⅜	3⅝	
WangLab B		1	823	2¼	2⅛	2¼	
Weatherfd		16	865	5⅝	5½	5½	-¼
Westamer	0.52	9	10	20¼	20⅛	20⅛	-⅛
WIRET	1.12	15	77	12¾	12⅝	12⅝	
Worthen x	0.05	9	42	22	21⅞	22	+⅛
Xytronix		9	38	9⅛	8⅜	8¾	-⅜

NASDAQ NATIONAL MARKET

3:00 pm prices August 6

AMERICA

GM disappointment adds to Dow's woes

Wall Street

DISAPPOINTING earnings from General Motors and nervousness ahead of today's July employment report left share prices lower yesterday morning, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was down 15.94 at 3,349.47. The more broadly based Standard & Poor's 500 was also lower at midsession, down 1.35 at 420.83, while the Amex composite had lost 0.81 to 389.09 and the Nasdaq composite was down 3.43 at 573.44. Turnover on the NYSE was 111m shares by 1pm.

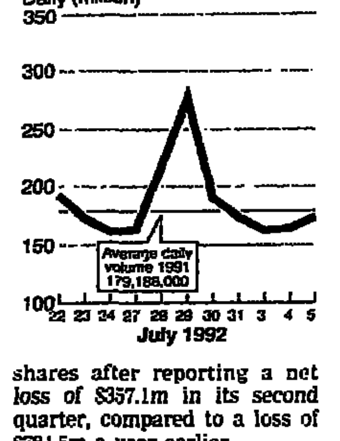
An increase in jobless claims for the week ended July 25, the largest weekly increase in 10 years, was not promising. An analysis of the figures, however, revealed that nearly all of the rise was accounted for by temporary layoffs and shutdowns at General Motors and other car plants in the final two weeks of July.

Confusion over the weekly claims data added to the nervousness felt by investors about today's July employment report. Analysts are expecting a rise in non-farm payrolls and a slight fall in the national unemployment rate.

The other major influence on sentiment was the latest batch of second quarter earnings reports, which provided little comfort.

General Motors fell $1½ to $37⅝ in turnover of 3.4m

NYSE volume



shares after reporting a net loss of $357.1m in its second quarter, compared to a loss of $784.5m a year earlier.

The loss was attributable to a previously announced $749m restructuring charge at GM's Hughes Aircraft subsidiary.

Nevertheless, the market responded negatively to the figures because, even without the special charge, GM's earnings came in below expectations, and investors are worried about the outlook for car sales for the rest of the year. Of the other big car makers, Ford fell $1¼ to $41¾ in turnover of 750,000 shares, and Chrysler dropped $¼ to $21⅞.

The ADRs of British Petroleum plunged $3⅝ to $45⅞ after the UK oil company reported an 11 per cent decline in net profit on a historic-cost basis and before extraordinary items, cut its dividend in half and announced plans for 1,500 job cuts.

BP's decline would have been much greater were it not for the strong buying support for the stock around the $41½ level, which helped stem the flood of early losses.

Gap Stores rose $1½ to $35¼ after the retailer reproted a 7 per cent rise in same-store sales during July.

Canada

TORONTO shadowed declines on Wall Street, with light profit-taking ahead of US and Canadian jobless data today. The TSE-300 Composite index fell 9.66 to 3,396.53 at midday in volume of 15.1m shares, the financial services showing the worst losses with a fall of 17.38 to 2731.46.

Among active stocks, Thomson Corp and Torstar B both rose by C$⅛, to C$14½ and C$21⅝ respectively. But Federal Industries A fell 40 cents to C$4.60 and MacMillan Bloedel by C$⅜ to C$17.

Fare wars ravage European airlines

But progress in cutting costs should help share prices to recover, says Daniel Green

European airline stocks have had a rough ride during the past few weeks, hit by airline overcapacity, damaging fare wars, and the tortuous progress on the part of management towards a lower cost base.

Since setting nominal and relative highs in the spring, most of Europe's handful of quoted airline issues have fallen steeply. The worst performance has come from Swissair, where the shares, down by more than a quarter since their peak in May, have fallen 20 per cent faster than the local index.

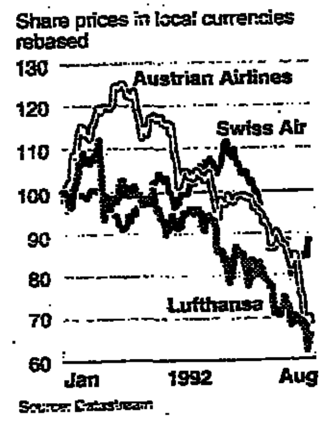
As well as having to cope with industry-wide troubles, Swissair has acknowledged that its cost base – one of the highest in Europe – has to be reduced. The company is in the process of relocating its accounts department to Bombay, India, with the intention of saving between SFr10m and SFr12m as part of a plan to save SFr300m ($227m). Its first round of compulsory job cuts has started: 420 staff will have left by the end of September.

This is only a small dent, however, in Swissair's total staff of more than 19,000. By comparison, British Airways axed 4,600 jobs, almost 10 per cent of the workforce, in its last financial year. BA is the most profitable large airline in the western hemisphere and its shares have declined by less than 7 per cent since their May high.

After Swissair's sharp fall, there is scope for a share price recovery, says Mr Guido Meier, an analyst at UBS in Zurich. "As cost-cutting programmes go on, we see an increase in the share price," he says.

Austrian Airlines, too, has had a tough time. Until recently the stock had followed the rest of the Vienna bourse in a drop of about 15 per cent since May. Then suggestions that falling profits meant that the dividend was in danger triggered a further 10 per cent retreat. Mr Frank Jonuschat of Kleinwort Benson in London says: "Our earnings estimates will probably have to be

Share prices in local currencies rebased



Source: Datastream

revised downwards by roughly 20 per cent."

Shares in KLM, the Dutch carrier, by contrast, recovered well at the end of July. As one of the more entrepreneurially-minded airlines in Europe, KLM has engaged in the kind of cost-cutting and price competition that industry watchers in the US and Asia have seen for some time.

The late recovery in the shares was partly the result of a proposed ground-breaking deal with the US Department of Transportation which should allow the airline to operate within the US. Washington hopes, thereby, to put pressure on European governments to allow reciprocal rights for US carriers in Europe.

For KLM, any boost to transatlantic profitability would be welcome. It was reluctantly drawn into the US-initiated price wars in the spring and its Asian routes are far more profitable.

By comparison with its bigger neighbour, Lufthansa, the German state carrier, KLM's challenges seem small. Lufthansa made an operating loss of DM600m ($407m) in the first five months of this year. Since the shares peaked in February they have lost more than 40 per cent of their value and the reasons are clear: generous staffing levels and aircraft that, on average, are barely more than half full.

In response, Lufthansa has grounded some aircraft and initiated a programme of staff cuts. These are modest by comparison with what has happened at BA but may begin to affect the bottom line by the end of the company's financial year, according to Mr Gordon Smith-Carby, an analyst at Smith New Court in London.

Lufthansa has also hived off its domestic services into a separate organisation, Lufthansa Express, which may be incorporated eventually. Cost-cutting measures include paying staff less, and Lufthansa hopes that the DM350m lost on domestic routes last year will be eliminated.

Prospects for Lufthansa are uncertain in the short term, not least because the Bonn government has said it wants to sell half of its 51 per cent stake. A change of control might prompt Lufthansa's executives to reduce costs even more sharply, to find themselves leading a lean management philosophy among Europe's airlines and, perhaps, to win the friendship of shareholders and creditors.

EUROPE

Bundesbank decision fails to lift continent

THE Bundesbank's decision to leave German interest rates alone did little for continental equity markets, *writes Our Markets Staff.*

FRANKFURT's DAX index finished 7.66 lower at 1,621.15, but off a low of 1,614.96. Turnover rose from DM5bn to DM6.1bn, and there was talk that futures trading had depressed blue chips after lifting them on Wednesday.

Dealers talked hopefully of rate cut prospects after the drop in west German industrial orders in June and rising unemployment figures in east and west Germany. However, Mr Reinhard Fischer, head of equity research at Paribas Capital Markets, said that his bank was still underweighting the German market, given that more disappointing company results were in the pipeline.

Douglas, the retailer, stood out painfully with a loss of DM20 to DM510 taking this year's drop in the shares to 23 per cent, against a 17 per cent gain for Kaufhof over the same period. Douglas reported lower first half profits, although it said that it expects earnings to improve in the second half.

PARIS eased in dull trading, as the CAC 40 index failed to hold above 1,800 and closed 4.14 lower at 1,793.84 in turnover of FFr1.5bn.

News that BP had suffered its first-ever net loss of £812m on a replacement cost basis for the second quarter, and halved its dividend weighed heavily on Elf which dropped FFr11.20 or 3.3 per cent to FFr333.30. Peugeot lost a further FFr18 to FFr649 following its disappointing first half turnover.

Euro Disney gained FFr3.65 or 4.1 per cent to FFr92.75 for a gain of 9.1 per cent this week on reports that the theme park has been operating at full capacity recently. Bancaire jumped FFr17 or 5 per cent to FFr358 but traders were unable to give a reason for the rise.

Accor was suspended before news that it will have to pay FFr950m to minority shareholders in Belgium's Wagons-Lits following a Brussels court ruling on its bid for Wagons-Lits. Later, Accor fell to FFr620 before closing steady at FFr638.

AMSTERDAM fell on disappointing second quarter results from Philips and Royal Dutch. The CBS Tendency index lost 1.2 to 116.9.

The electronics group reported a 56 per cent drop in second quarter earnings, below most analysts' forecasts. The consumer products division remains the most serious problem and Mr Jan Timmer, the chairman, said that he did not expect a recovery until 1994. The shares lost 80 cents or 3.2 per cent, to Fl 24.30.

Royal Dutch shed Fl 1.40 to Fl 145 after announcing lower second quarter net income which reflected the weak dollar.

MILAN was enlivened by some corporate news but trading remained thin. The Comit index rose 1.74 to 421.37 in turnover estimated at near Wednesday's L85.9bn.

There was some interest in the telecoms sector, as Stet rose L38 to L1,638 on news that it had won a $160m licence to develop cellular phone systems in Greece.

Benetton added L481 to L11,470. After the close United Optical, a subsidiary of the Benetton family holding company, Edizione, said that it planned to raise its share capital. Fiat rose L34 to L4,638 but there was some nervousness ahead of the car sales data for July, following the poor numbers in France earlier this week.

Several shares were suspended temporarily for excessive losses, including the cement and construction group Calcestruzzi, which dropped L1,710 or 17.6 per cent to L8,000, and Euromobiliare, which closed down L305 at L2,400.

STOCKHOLM declined on worries about interest rates and the banking sector. The Affärsvärlden General Index fell 3.7 to 859.4 in low turnover of SKr192m.

The ball-bearings group SKF bucked the downward trend ahead of its half-year earnings report today as its B shares rose SKr1 to SKr97.50.

TEL AVIV closed sharply higher in active trading, the blue-chip share index gaining 2.48 or 1.7 per cent to 155.23 in turnover of over Shk100m to register a gain of 5 per cent on the week, recouping the losses of the previous week.

OSLO's all-share index slid to a new 1992 low, losing 5.73 to 366.20 in turnover of NKr172m. Norsk Hydro shed NKr3 to NKr136.5.

VIENNA closed at a record low. The ATX index lost 19.84 or 2.6 per cent to 744.21. Leykam, the paper manufacturer, fell Sch10 to Sch305 after announcing a first half loss of Sch66m.

FT-SE Eurotrack 100 - Aug 6

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1082.10	1081.16	1080.99	1079.15	1079.13	1076.70	1077.94	1078.71

Day's High 1082.40 Day's Low 1077.60

Aug 5	Aug 4	Aug 3	Jul 31	Jul 30
1081.21	1076.44	1069.17	1067.77	1063.92

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG mining shares fell on weaker precious metal prices and a stronger financial rand. The gold index fell 12 to 998, the overall index shed 8 to 3,373 and industrials declined 5 to 4,198. Northam lost R1.25 to R19.75.

ASIA PACIFIC

Nikkei declines as traders unload speculative stocks

Tokyo

SHARE prices closed moderately lower after another thin volume, as traders unloaded speculative stocks to avoid margin calls, *writes Emiko Terazono in Tokyo.*

The Nikkei average lost 57.20 at 15,926.44. The index rose to the day's high of 16,138.50 in the morning on arbitrage-linked buying, before sinking to a low of 15,808.61 in the afternoon session.

Volume came to 180m shares, against Wednesday's 185m. Declines led rises by 615 to 290, with 164 issues unchanged. The Topix index of all first section stocks shed 6.02 to 1,207.32, and in London the ISE/Nikkei 50 index eased 1.38 to 977.64.

However, earlier pessimism appeared to have lifted. "People seem to have abandoned the gloom and doom scenario," said an official at Nippon Life.

Small-lot buying, linked to arbitrage-unwinding, was seen in the morning session. Arbitrageurs have been booking profits by selling cash stocks, and buying futures contracts after the recent fall in the futures market. Unwinding of these positions has led to recent purchasing by dealers in the cash markets.

Most technical analysts see near-term resistance at 16,300 on the Nikkei. Mr Jason James, strategist at James Capel, said investors were selling around the 16,000 level to hedge their positions.

Profit-taking weighed on high-technology blue chips, which had gained ground on Wednesday on purchases by foreign pension funds. Sony relinquished Y50 to Y4,020.

Nippon Telegraph and Telephone fell Y28,000 to an all-time low of Y551,000. Traders said some selling was prompted by reports suggesting that mobile telephones were radioactive, and could cause tumours among users.

Banks firmed on covering of short positions. Industrial Bank of Japan put on Y10 to Y1,770 and Bank of Tokyo Y30 to Y1,200. But Nippon Credit Bank weakened Y100 to Y4,800 on reports of severe problems at its leasing affiliates. Nippon Credit has been requesting other banks to co-operate in restructuring of its three non-bank financial affiliates.

Nippondenso lost Y120 to Y1,310. The Toyota Motor affiliate reported a 25 per cent fall in parent pre-tax profits for the first half due to slack demand.

In Osaka, the OSE average dipped 94.33 to 17,479.54 in volume of 17.2m shares.

Roundup

PACIFIC Rim markets were influenced by domestic factors.

AUSTRALIA closed at its lowest level for almost four months on nervousness about the speed of economic recovery. The All Ordinaries index fell 16.8 to 1,588.9 in turnover of A$273m. Banks remained weak, with Commonwealth down 11 cents to A$7.08 and ANZ off 7 cents at A$3.41.

SEOUL staged a technical rebound in thin trading, struggling back above the 500 level. Speculation that the ruling Democratic Liberal Party would come up with market-boosting measures today contributed to the advance. The index ended 6.71 up at 500.04.

Companies vying for the country's second mobile telecom contract fell on rumours that the ruling party had asked President Roh Tae-Woo to delay selection of the winner.

MANILA eased as large-capitalisation stocks followed a fall in Philippine Long Distance Telephone. The composite index slipped 22.05 to 1,463.80 in combined turnover of 195.7m pesos. PLDT shed 30 pesos to 1,030 on a smaller than expected 5.8 per cent rise in first-half net income.

TAIWAN reversed early gains to finish lower as investors took profits in late trading. The weighted index rose more than 20 points initially as shares responded to the central bank's injection of liquidity into the money market on Wednesday. It was finally a net 12.13 down at 4,122.78 in turnover of T$20.7bn.

KUALA LUMPUR weakened as selling increased. The composite index fell back below the 600 mark to finish 4.31 lower at 598.27. R.J. Reynolds dropped 24 cents further to M$3.08 after the announcement of a cut in cigarette prices.

SINGAPORE lost ground as shipyard stocks remained under pressure following disappointing half-year results from a number of companies. The Straits Times Industrial index declined 25.20 to 1,416.83.

HONG KONG rose on bargain hunting. The Hang Seng index advanced 24.03 to 5,865.27 in turnover of HK$1.87bn.

BOMBAY fell sharply on reports that the government planned to increase prices for petroleum products by 20 per cent. The BSE index lost 100.64, or 3.8 per cent, to 2,529.59. KARACHI rose for the second consecutive day, the index closing 41.43, or 3.2 per cent, up at 1,308.45.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 5 1992								TUESDAY AUGUST 4 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	140.11	−0.8	108.56	112.74	107.59	126.08	−0.5	4.34	141.26	108.96	113.62	108.33	126.72	153.68	140.11	151.58
Austria (19)	152.99	−0.2	118.54	123.11	117.48	117.45	−0.2	2.49	153.28	118.23	123.29	117.54	117.74	186.70	150.55	176.06
Belgium (42)	147.18	−0.3	114.03	118.42	113.01	110.52	+0.0	5.57	147.63	113.88	118.74	113.21	110.50	152.27	135.87	132.55
Canada (114)	127.51	−0.2	98.80	102.60	97.91	109.23	−0.4	3.20	127.73	98.53	102.73	97.94	109.69	142.12	124.32	139.55
Denmark (35)	234.91	−0.6	182.01	189.03	180.38	181.55	−0.5	1.93	236.44	182.39	190.19	181.32	182.50	273.94	226.81	260.22
Finland (15)	72.93	+0.6	56.51	58.69	56.01	61.94	+0.5	2.28	72.50	55.93	58.32	55.60	61.61	89.80	69.74	101.01
France (104)	159.63	+0.3	123.68	128.44	122.57	124.95	+0.4	3.60	159.19	122.79	128.04	122.06	124.41	168.75	148.06	133.31
Germany (64)	119.52	−0.4	92.60	96.19	91.77	91.77	−0.2	2.49	119.97	92.54	96.51	92.00	92.00	129.69	114.67	109.23
Hong Kong (54)	243.13	−0.3	188.38	195.64	186.71	241.28	−0.4	3.40	243.99	188.21	196.25	187.11	242.17	259.55	176.36	169.49
Ireland (16)	158.15	−0.6	122.54	127.26	121.44	123.70	−0.3	4.27	159.09	122.71	127.96	121.99	124.05	173.71	151.78	155.70
Italy (78)	65.97	−1.6	51.12	53.08	50.66	55.02	−1.5	3.77	67.07	51.73	53.94	51.43	55.84	80.66	61.30	75.66
Japan (473)	94.62	+1.3	73.31	76.14	72.67	76.14	+1.4	1.12	93.37	72.03	75.11	71.61	75.11	140.95	88.70	131.55
Malaysia (69)	242.97	−0.3	188.25	195.50	186.57	234.03	−0.3	2.68	243.59	187.90	195.93	186.79	234.68	250.47	212.49	229.82
Mexico (18)	1373.24	−1.6	1063.99	1105.03	1054.50	4666.45	−1.6	1.29	1395.44	1076.41	1122.45	1070.09	4741.89	1789.77	1303.41	1114.00
Netherland (25)	164.19	+0.4	127.21	132.12	126.08	124.81	+0.6	4.49	163.48	126.11	131.50	125.37	124.09	157.29	147.88	141.59
New Zealand (14)	45.90	−1.1	35.57	36.94	35.25	44.63	−0.8	5.07	46.43	35.81	37.35	35.61	45.21	48.52	42.01	47.63
Norway (23)	162.96	−1.9	126.26	131.13	125.14	128.51	−1.8	1.96	166.08	128.11	133.59	127.36	130.80	192.95	161.26	204.49
Singapore (38)	205.81	−1.6	159.48	165.61	158.04	152.84	−1.5	2.17	209.15	161.33	168.23	160.38	155.22	229.63	192.76	197.76
South Africa (61)	207.68	+0.9	160.90	167.10	159.46	171.90	+0.6	2.96	205.77	158.72	165.51	157.79	170.85	263.60	194.69	244.16
Spain (49)	140.90	−0.4	109.17	113.38	108.19	100.60	−0.1	5.84	141.50	109.15	113.82	108.51	100.71	161.72	136.49	152.17
Sweden (30)	190.65	−0.1	147.71	153.41	146.40	151.35	+0.0	2.72	190.77	147.16	153.45	146.30	151.30	200.28	173.09	187.81
Switzerland (62)	112.63	+0.6	87.27	90.64	86.50	92.49	+1.0	2.32	111.95	86.36	90.06	85.86	91.62	113.88	95.99	94.63
United Kingdom (228)	181.40	−1.1	140.55	145.96	139.28	140.55	−0.7	5.29	183.49	141.54	147.58	140.70	141.54	200.07	165.85	177.65
USA (522)	171.98	−0.5	133.25	138.40	132.07	171.98	−0.5	2.92	172.86	133.34	139.05	132.56	172.86	173.10	160.92	158.31
Europe (790)	147.82	−0.5	114.53	118.95	113.51	114.47	−0.3	4.20	148.63	114.65	119.56	113.98	114.76	156.88	139.31	139.90
Nordic (103)	175.10	−0.4	135.67	140.90	134.46	132.59	−0.3	2.39	175.80	135.61	141.41	134.82	132.97	188.52	169.29	188.53
Pacific Basin (716)	101.21	+1.0	78.42	81.44	77.72	82.53	+1.1	1.49	100.17	77.27	80.58	76.82	81.65	141.97	94.40	133.02
Euro−Pacific (1506)	120.06	+0.2	93.02	96.60	92.19	95.74	+0.4	2.84	119.77	92.39	96.33	91.84	95.34	145.21	113.80	136.08
North America (636)	169.20	−0.5	131.09	136.16	129.95	167.70	−0.5	2.93	170.03	131.16	136.78	130.41	168.55	170.31	158.70	157.08
Europe Ex. UK (562)	127.24	−0.1	98.58	102.41	97.72	99.31	+0.1	3.43	127.40	98.27	102.49	97.72	99.25	132.98	121.81	117.49
Pacific Ex. Japan (243)	166.16	−0.6	128.74	133.73	127.61	148.67	−0.5	3.61	167.22	128.99	134.53	128.25	149.44	175.31	149.00	147.60
World Ex. US (1699)	122.04	+0.2	94.56	98.21	93.72	98.12	+0.4	2.84	121.77	93.93	97.95	93.38	97.76	146.91	116.45	137.91
World Ex. UK (1993)	133.83	+0.1	103.69	107.70	102.78	118.66	+0.1	2.57	133.76	103.18	107.60	102.59	118.55	150.58	127.21	140.53
World Ex. So. Af. (2160)	137.52	−0.1	106.55	110.67	105.61	120.20	+0.0	2.87	137.65	106.18	110.73	105.57	120.20	153.05	130.04	143.10
World Ex. Japan (1748)	162.02	−0.5	125.53	130.39	124.43	146.35	−0.4	3.40	162.84	125.61	131.00	124.90	146.95	165.40	153.20	151.60
The World Index (2221)	137.94	−0.1	106.88	111.00	105.93	120.68	+0.0	2.87	138.06	106.49	111.05	105.88	120.67	153.70	130.68	143.75

Amendments to indices for August 4 applied to Malaysia, Singapore and related regional indices
Constituent changes with effect 7/8/92: Deletion: Cavendish Intl. Hldgs (Australia) Latest prices were unavailable for this edition